

Better together

G. Bin Zhao says by all yardsticks, the economic integration of Hong Kong and the mainland is favourable

Not long ago, Premier Li Keqiang (李克强) approved a document from nine provinces promoting pan-PRD (Pearl River Delta) cooperation at a higher level, involving more areas and in a wider range. Hong Kong and Macau were also included, and the overall programme was named the “9+2 regional development concept”. Last week, at the Boao Forum for Asia, Premier Li again mentioned that we would launch the Shanghai-Hong Kong Stock Connect this year.

These initiatives show that when making development plans, the central government has thoughtfully considered the position of the Hong Kong and Macau SARs, although they are not fully included in the 13th five-year plan owing to the “one country, two systems” policy.

During the Boao Forum, I took part in a meeting on the Asia Competitiveness Annual Report 2016, and learned that Hong Kong continues to rank second among 37 Asian economies. The report notes that Hong Kong has efficient, stable and reliable business systems and financial markets, as well as world-class transport infrastructure and high-quality information networks.

There is no doubt that Hong Kong remains one of the most competitive economies in the world. So how can it remain competitive and achieve greater economic development? It might be a good decision to strengthen economic integration

with the mainland, and make good use of mechanisms such as the 9+2 regional development initiative.

Mainland residents generally have a friendly feeling for people in Hong Kong, which provides a unique advantage for the SAR. The city’s entertainment industry once took the lead in Asia, and influenced several generations of people on the mainland. In addition to shopping, it is one important reason countless people from the mainland visit Hong Kong. Some people think that the entertainment industry is in decline, but I disagree. Hong Kong’s entertainment industry is not sinking, but instead is typically representative of economic integration with the mainland.

Witness the sensation caused by the grand wedding ceremony of Huang Xiaoming and Angelababy in Shanghai last year. When Hong Kong and the mainland work together, they can produce greater value. As another example, *The Mermaid* harvested box-office gold over the Lunar New Year as many mainland people regard director Stephen Chow with special esteem. No one can clearly say whether this movie should be classified as a Hong Kong film or not, and maybe few people care. In fact, the entertainment industry in Hong Kong and the mainland have fused together to become one of the foundations for the development of the Chinese film and television industry, allowing Hong Kong artists to benefit considerably in the process.

I believe that the economic integration of Hong Kong and the mainland is an irreversible trend, and following the trend will be more favourable for Hong Kong.

At its peak, Hong Kong’s gross domestic product reached one quarter that of the mainland. In 1997, when it returned to China, its GDP was about 16 per cent of Chinese GDP, while by 2015 this proportion had dropped to 2.6 per cent,

The central government has thoughtfully considered the position of Hong Kong and Macau

behind Shanghai, Beijing and Guangzhou. Undoubtedly, because Hong Kong’s population is small compared with these cities, the per capita GDP is much higher than all the mainland cities.

Whatever the comparisons, it is indisputable that economic development in the mainland is faster than in Hong Kong. It is not because Hong Kong has made no progress, but because the mainland is developing too fast. So, we have to ask, though the “one country, two systems” policy is in place, why doesn’t

Hong Kong’s economic growth rate match that of the mainland after nearly 20 years since its return?

The simplest reason is that developing economies generally have higher growth rates than developed economies because their industrial foundations are weak and improvements to infrastructure can support rapid economic development. In addition, there are the following reasons.

First, Hong Kong’s high real estate prices constrict economic development and high housing prices lead to many serious problems. For example, limited living space directly affects the quality of life and the happiness levels of many people, and the stress of burdensome mortgages allow only a very small number of people the opportunity to start a business.

Second, the lack of integration with the mainland poses a disadvantage in competing with Shanghai and Shenzhen, and in the long run, Hong Kong is likely to be marginalised.

Taking personnel mobility and transport as an example, first-tier cities in the mainland can easily attract a large amount of cheap labour and professionals to meet the demands of both the low and high ends of economic development. Furthermore, the current exit-entry permit for travelling to and from Hong Kong and Macau is valid for only three months, which may seriously hinder the free movement of personnel, especially when we con-

sider that the United States has issued 10-year multiple entry visas to Chinese citizens.

Another example is that flights from major cities to Hong Kong travel the same distance as to Shenzhen, but the price difference is significant. If a businessperson can deal with his business in a first-tier city on the mainland, who would be willing to take the time to apply for an exit-entry permit and pay the extra money to go to Hong Kong?

Third, the lack of innovation limits the economic vitality of Hong Kong. This is evident from the Forbes list of the richest Chinese which shows that both the number of Hong Kong tycoons and changes in the industry are stable while the number of rich in the mainland is not only increasing quickly, but they are also more diverse and younger. As the Asia Competitiveness Annual Report also points out, Hong Kong needs to improve its access to higher education and innovation capability to create a real innovation-driven economy.

The 9+2 regional development concept is unlikely to fundamentally change the slow development of Hong Kong’s economy. Unless Hong Kong is determined to further integrate its development with the mainland, it may not have a similar growth rate of about 6.5 per cent in the five-year plan period from 2016 to 2020. As a Chinese idiom says, lose at sunrise and gain at sunset.

G. Bin Zhao is executive editor at China’s Economy & Policy, and co-founder of Gateway International Group, a global China consulting firm



New Myanmar government must be inclusive to succeed

When Htin Kyaw was elected president of Myanmar on March 15, domestic and international media hailed him as the first president never to have worn a military uniform. Another distinction, however, was largely missing from the media spotlight: Htin Kyaw will be the first former political prisoner to become president of Myanmar.

Htin Kyaw spent several months in prison in 2000. In September of that year, when Aung San Suu Kyi was out of house arrest but under restrictions, Htin Kyaw accompanied her to Yangon Central Railway Station, where she and a group of supporters tried to travel to Mandalay. When the station staff refused to sell them tickets, the group declared that they would not leave the station until they were able to buy tickets and board a train to Mandalay.

Htin Kyaw and the others were arrested on the spot, and Suu Kyi was returned to house arrest. Two of the men who were arrested that day, Thein Swe and Tun Myint, were elected to parliament last year.

Almost half of the MPs from the National League for Democracy (NLD) – around 115 out of 390 – are former political prisoners. This fact gives some hope to the legions of former political prisoners that their sacrifices will be recognised.

The NLD has pledged to release all political prisoners once it comes to power and adopt a definition of

Aileen Thomson says the concerns of former political prisoners, ethnic minorities and conflict-affected communities must be taken into account if peace and democracy in Myanmar are to endure

“political prisoner” that was developed in a joint workshop with political prisoners in 2014. These would be laudable steps to address the needs of political prisoners. However, former political prisoners urgently need other measures, including restoration of political rights, medical and psychosocial care, and official recognition of their contributions.

Throughout the International Centre for Transitional Justice’s engagement in Myanmar, we have discussed with many former prisoners their experiences in the past and hopes for the future. For many, everything they suffered would be worth it if they can obtain their goal of democracy.

Htin Kyaw, Suu Kyi and the former political prisoners who now sit in parliament have overcome incredible challenges to be able to participate in the governance of their country. Yet not all former political prisoners are in such a position. Torture, solitary confinement and lack of family ties have led to serious psychosocial challenges for which there are few support programmes available.

Many former political prisoners also suffer health problems

resulting from their detention. Others have lost professional licences and even citizenship due to their political activities, which they still struggle to recover years after being released. Due to a lack of education and hesitancy of employers to hire former political prisoners, many struggle to provide for themselves and their families.

Political prisoners were far from the only ones to suffer under the past government. Conflict in ethnic minority areas has taken a toll on individual residents and family and social ties in those areas. The military and ethnic armed groups have been accused of widespread sexual violence, child recruitment, torture, forced labour and other serious violations. Conflict areas are economically devastated, deprived of basic services and isolated politically, socially, economically and culturally.

Despite the much-increased representation of ethnic minorities in the incoming government, there are few leaders at the national level who have direct experience of living through the ethnic conflict that has torn apart communities. Henry Van Thio, vice-president-elect and an ethnic Chin, served 20

years in the Myanmar armed forces. New deputy speaker and ethnic Kachin T Khun Myat, former leader of a militia in conflict-ridden northern Shan State, has been accused by local rights groups of involvement in the trafficking of opium common to that region. Neither can be fairly said to represent the perspective of ethnic minority civilians in conflict areas.

The new government must make a special effort to hear the voices of conflict-affected communities. This includes

residency requirements that disproportionately affect minority migrants and refugees are some of the many factors – in addition to active conflict – that prevent people from fully participating in the country’s reform process. Victims of serious human rights violations have particularly difficult challenges, including traumatisation, loss of livelihood and lack of trust in government officials – or in anyone from the majority Burman ethnic group.

Htin Kyaw and his administration have a difficult task ahead, but they have been fighting for decades for this opportunity. For the best chance of success, they will need the full participation of people from all walks of life. The NLD has made overtures to the military and members of the former government to ensure their cooperation and participation in a spirit of national unity.

The incoming government would do well to continue this approach by addressing the challenges that prevent some of its citizens from contributing their talents. Beyond improvements in health, education and development, this means targeted programmes to address the serious human rights violations suffered by so many over the past decades.

Curbs on the recognition of informal education, lack of identity documents, ethnic prejudice, the Unlawful Association Act, and

discussing how they experienced conflict and what they need to overcome its impact and reconcile with the rest of Myanmar. If their concerns are not taken into account, the quality of peace and democracy will be diminished. It may not even be sustainable.

Aileen Thomson is programme coordinator and former head of office in Myanmar for the International Centre for Transitional Justice

Nuclear summit must carry on after Obama

Andrew Hammond says though the chance of a nuclear terrorism event is low, its consequences would be so severe that international cooperation on nuclear security must continue

Washington plays host on March 31 and April 1 to the fourth and potentially final Nuclear Security Summit, convened by US President Barack Obama. Following the tragic Brussels attacks last week, the event has assumed heightened importance with media reports that some of the self-ascribed Islamic State (IS) bombers had initially planned to attack a nuclear power plant in Belgium.

There is growing concern about the threat of nuclear terrorism. After Brussels, British defence secretary Michael Fallon pointed to a “new and emerging threat” of terrorists acquiring nuclear weaponry, while former US defence secretary Robert Gates has noted that “every senior leader, when you’re asked what keeps you awake at night, it’s the thought of a terrorist ending up with a weapon of mass destruction, especially nuclear”.

More than 50 countries will convene at the Nuclear Security Summit to focus on “minimising the use of highly enriched uranium, securing vulnerable materials, countering nuclear smuggling and deterring, detecting and disrupting attempts at nuclear terrorism”. This wide-ranging agenda first came to prominence following the collapse of the Soviet Union, when concerns were raised about safeguarding the former communist state’s extensive nuclear weaponry.

More recently, however, the urgency of nuclear terrorism was raised by the September 2001 attacks. This was interpreted in some quarters as a wake-up call to the possibility that a group such as al-Qaeda could detonate a small nuclear weapon or a radiological dispersal device (a so-called dirty bomb).

The summit process kicked off soon after Obama assumed office when he asserted that nuclear terrorism represents “the most immediate and extreme threat to global security”. In the same speech, he gave an ambitious deadline to “secure all vulnerable nuclear material around the world within four years”.

The bigger danger is a dirty bomb attack ... conventional explosives would be used to spread radiation

While this deadline was unrealistic, there has been progress in reducing the number of countries with access to highly enriched uranium and plutonium. For instance, enough such highly enriched uranium for some 3,000 nuclear weapons has been “down-blended” in Russia and the US, around a dozen countries have returned their previous stockpiles of it back to the country of origin (mostly to the US and Russia); and around 20 countries have launched an initiative against nuclear smuggling.

However, this effort remains a work in progress. As of late 2013, for instance, some 30 states from Europe to Asia, including Uzbekistan and Pakistan, had at least 1kg of highly enriched uranium in civilian stocks.

Given the hurdles to terrorist networks obtaining weapons-grade material, perhaps the bigger danger is a dirty bomb attack. Here, the complexity of the operation is much reduced as conventional explosives would be used to spread radiation from a radioactive source. Only in December 2014, Mexican authorities discovered a vehicle believed to have been stolen by thieves which contained radioactive medical materials that could have been used for a dirty bomb. A further potential scenario is an attack on a nuclear plant.

With this potentially final Nuclear Security Summit coinciding with Obama’s last full year in the White House, it is likely that he will want to ensure the strongest possible set of outcomes. This would build upon the achievements in the previous meetings, which have reduced the amount of dangerous nuclear material across the world; improved security of much of this material; and strengthened international cooperation on this agenda, although the latter has been stymied since the post-Ukraine conflict chill in relations between the United States and Russia.

Beyond the summit, long-term success of its agenda will be determined by several factors, including resources, funding and what happens to the process after Obama. Especially if the summit is not renewed beyond 2016, it will be important to anchor ongoing initiatives into other bodies, including the International Atomic Energy Agency, so that the momentum and successes of the process are institutionalised as much as possible for the future.

Andrew Hammond is an associate at LSE IDEAS (the Centre for International Affairs, Diplomacy and Strategy) at the London School of Economics



Barack Obama will meet Xi Jinping on the sidelines of the Nuclear Security Summit. Photo: AP