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**Sunday Agenda**

## An awful fate

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Border city's five-year plan for self-reliance

## HK's little brother Shenzhen grows up

**Fiona Tam and Fanny W. Y. Fung**

Shenzhen will set out a new five-year plan today, and it is expected to carry a message for Hong Kong: we're not your kid brother any more.

For years, Hong Kong has treated Shenzhen as its junior partner, a place for Hongkongers to offload unwanted industries and to shop for cheap fakes.

But the one-time fishing village that has become a municipal powerhouse after three decades as a special economic zone has been catching up. Its cheap food and entertainment have been getting more expensive. Its growing ranks of affluent young people now come to Hong Kong to shop for cheaper foreign imports.

It is home to some of the world's leading high-technology companies, putting it ahead of Hong Kong in the field, commentators say, and its ports and airport compete for traffic.

In the next five years, Hong Kong's lead is likely to narrow further. By 2015, Shenzhen's gross domestic product is projected to equal not 60 per cent of Hong Kong's, as it does now, but 80 per cent.

The Shenzhen Communist Party expects the city's GDP to grow by 10 per cent a year and reach 1.5 trillion yuan (HK\$1.76 trillion) by 2015. (That was the size of Hong Kong's GDP last year. If Hong Kong maintains economic growth of around 6 per cent per year, its GDP will reach 1.89 trillion yuan in 2015.)

The party's target understates the



changes ahead, says Dr Fang Zhou, assistant chief research officer at the Hong Kong-based One Country Two Systems Research Institute.

Priscilla Lau Pui-king, a Hong Kong deputy to the National People's Congress and an associate economics professor at Polytechnic University, said Shenzhen was no longer Hong Kong's backwater. The competition was now keen, she said.

"However, the structures of the two economies are very different so there is much room for the two cities to complement each other," Lau said. "Shenzhen has a large manufacturing sector, while Hong Kong mainly relies on the financial sector."

In its five-year plan, Shenzhen vows to become China's key city for information technology and green energy. Its leaders want their city to be a global bio-industrial and logistics centre and expect strong support from Beijing, which plans huge investments in technology to make the mainland a science powerhouse by 2020.

How Hong Kong plans to benefit from these changes isn't clear. Fang said the city had been slow to take the lead on cross-border projects. For instance, in developing the new port of Qianhai into a world-class centre for

CONTINUED ON PAGE 4

**Eye-watering**

**Whichever way you look at it, the border city's growth has been astonishing**

Shenzhen's average annual rate of economic growth from 1979 to 2009: **25.8%**

Shenzhen's gross domestic product as a proportion of Hong Kong's in 1979 was **0.3%**. By 2009, the proportion was **57%**

The number of times by which Shenzhen's population grew between 1979 and 2009: **300**

Source: People's Daily

the port of Qianhai into a world-class centre for

## Who are you now?

**Off his hat.** An astrophysicist has, horror of horrors, pointed out our star charts are out of whack thanks to an earthly wobble and we need a 13th sign, Ophiuchus. Scorpius come off especially badly, but many will need to re-examine the zodiac.

Illustration: Henry Wong

Full report Page 7

<p><b>Capricorn</b></p> <p>22 Dec - 20 Jan 20 Jan - 16 Feb</p>	<p><b>Aquarius</b></p> <p>16 Feb - 11 Mar 21 Jan - 19 Feb</p>	<p><b>Pisces</b></p> <p>20 Feb - 20 Mar 11 Mar - 15 Apr</p>	<p><b>Aries</b></p> <p>18 Apr - 13 May 21 Mar - 19 Apr</p>	<p><b>Taurus</b></p> <p>20 Apr - 20 May 13 May - 21 Jun</p>	<p><b>Gemini</b></p> <p>21 May - 21 Jun 21 Jun - 20 Jul</p>
<p><b>Cancer</b></p> <p>22 Jun - 23 Jul 26 Jul - 10 Aug</p>	<p><b>Leo</b></p> <p>24 Jun - 22 Aug 10 Aug - 16 Sep</p>	<p><b>Virgo</b></p> <p>24 Aug - 22 Sept 16 Sep - 30 Oct</p>	<p><b>Libra</b></p> <p>30 Oct - 23 Nov 23 Sept - 22 Oct</p>	<p><b>Scorpio</b></p> <p>23 Oct - 22 Nov 23 Nov - 29 Nov</p>	<p><b>Sagittarius</b></p> <p>23 Nov - 20 Dec 17 Dec - 20 Jan</p>

**Ophiuchus** 29 Nov - 17 Dec

## No law to curb HK firms that defy sanctions

**Irene Jay Liu and Chan Pui-king**

Despite the fact Hong Kong companies have played a key role in helping Iran's state-owned shipping line evade UN sanctions, the city's government has yet to say when it will enact legislation necessary to stop them.

Nearly seven months after the United Nations passed new sanctions against Iran - with China's support - Hong Kong has not passed laws to give city officials the power to enforce the measures.

The sanctions are aimed directly at Islamic Republic of Iran Shipping Lines (IRISL). A *South China Morning Post* investigation has shown that more than a dozen local companies named by the US are at the centre of

an international network accused of aiding Iran's nuclear and weapons programme in defiance of the sanctions.

The sanctions require member states to freeze the assets of individuals and entities determined to have assisted in evading or violating previous UN sanctions, including named companies deemed to be owned, controlled by, or acting on behalf of IRISL.

Member states must "exercise vigilance when doing business with" Iranian companies or companies under Iran's jurisdiction, including IRISL, and with "any individuals or entities acting on their behalf or at their direction and entities owned or controlled by them, including through illicit means, if they have ...

reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems or to violations of resolutions".

The sanctions also call upon states to deny financial services, including insurance or reinsurance, if there are reasonable grounds to believe that such services could contribute to Iran's proliferation activities.

A Marine Department spokesman said if evidence was found that a Hong Kong-registered ship was in violation of UN sanctions enforced in Hong Kong, the Director of Marine had the power to de-register the ship. Anyone in violation of the sanctions would be subject to legal action.

Hong Kong is required by law to

pass legislation to carry out Beijing's instructions with regard to such sanctions. A draft of the legislation must be approved by the central government, after which the Executive Council approves it. The Legislative Council is not required to approve the bill, and may not amend it.

**Input by Legco would render the legislative process [of enforcement] more accountable**

From a 2008 report by a Legco subcommittee

However, the government is not required to implement the UN sanctions quickly. In a 2008 report, a Legco subcommittee noted the "undesirable situation" of long time gaps, ranging from six months to over a year, between the receipt of the central government's instruction to implement UN sanctions and the gazettement of the laws. The report said that after the subcommittee took up this issue with the government, it gazetted such measures between one and three months more quickly.

In Iran's case, the laws regarding UN Security Council sanctions passed in December 2006 and March 2007 were gazetted in September 2008. When the UN passed additional sanctions in March 2008, the

CONTINUED ON PAGE 2

## Far-flung villagers gather for Taoist rites

**Lo Wei**

From near and far, the villagers of Ho Chung gathered for four days of Taoist rites: burnt offerings, incense, drum sounds and dances to preserve the life and spirit of their ancestral home.

Four-fifths of the inhabitants of the New Territories village left to work overseas, mainly in the 1960s, said village representative Cheung To-shing. But last week many returned to offer prayers for the wellbeing of the Sai Kung community in the Tai Ping Ching Chiu ceremony, held once every 10 years.

"Over 400 villagers came back from overseas this time," Cheung said.

The reunion of just one family -

that of Lau She-tim, 73, and his British wife Lesley Lau, 67 - brought adults and children from Denmark, the United Kingdom, Botswana and Russia.

"I grew up here as a child, left for the UK as a young boy and spent half a century there," said Lau She-tim, who lived in Sheffield, England. He returned home after retiring 12 years ago with his wife.

Though he was away most of his life, Lau took an active part in the local ritual, volunteering to be one of the five leading worshippers.

"Three times a day, we had to follow the priest to pray in the north, south and east points of the village. The ceremony lasted for 12 hours on the third day. It was such hard work. I

CONTINUED ON PAGE 2

## Inside News

### International

**Unrest engulfs Tunisia after president flees**

Unrest continues in Tunisia after a popular rebellion forced president Zine el-Abidine Ben Ali to flee. Inmates die in prison fires, looters empty shops and gunfire echoes through the capital. Across the Arab world, people take inspiration from the toppling of an autocrat. Their leaders will be nervous. **Full report Page 7**

### International

**Death threats for Tiger Mother**

A *Wall Street Journal* article headlined "Why Asian Mothers Are Superior" triggers death threats and hundreds of e-mails to its author, and we desperately need a win. At White Mother". But Chua says her parenting book is meant to be self-mocking. **Full report Page 8**

### Sport

**'Super Sunday' a clash of the heavyweights**

It is looking a lot like a clash of the titans in a triple header of Premier League derbies at St Andrew's and Anfield. Aston Villa's Gerard Houllier needs victory over Birmingham, and both Liverpool and Everton desperately need a win. At White Hart Lane a formidable Spurs side should test Manchester United's defence. **Sport Page 3**

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Headline: No law to curb HK firms that defy sanctions  
Subhead: Legislation still lacking to enforce bans on Iran  
Byline: Irene Jay Liu and Chan Pui-king  
Credit: Chan Pui-king

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However, the government is not required to implement the UN sanctions quickly. In a 2008 report, a Legco subcommittee noted the "undesirable situation" of long time gaps, ranging from six months to over a year, between the receipt of the central government's instruction to implement UN sanctions and the gazetting of the laws. The report said that after the subcommittee took up this issue with the government, it gazetted such measures between one and three months more quickly.

In Iran's case, the laws regarding UN Security Council sanctions passed in December 2006 and March 2007 were gazetted in September 2008. When the UN passed additional sanctions in March 2008, the relevant law was gazetted two months later.

For the latest round, however, it is nearly seven months and counting.

A government spokeswoman acknowledged that the city had received instructions from Beijing and that the administration was currently "preparing the necessary subsidiary legislation", but declined to say when the laws would be implemented.

This is the same response the government issued in July just weeks after the Security Council vote.

In its 2008 report, the subcommittee expressed its concern about "the total absence of Legco in the regulation-making process under the UNSO", adding that "input by Legco would render the legislative process more accountable".

By contrast, many of the world's largest economies have implemented the UN sanctions and then some.

By autumn of last year, Japan, the United States, the European Union, Canada and Australia had passed laws enacting the UN resolution, and adding even stronger unilateral sanctions against Iran.

The United States and the European Union have imposed the harshest sanctions against Iran, and IRISL in particular. The US, while acknowledging that keeping up with IRISL's ever-changing network of subsidiaries and partners is a challenge, has added dozens of companies and individuals to its blacklist since June.

The EU has also imposed harsh sanctions targeting the financial and insurance services available to the beleaguered shipping line, which have disrupted IRISL's operations.

In two separate cases, European banks have sought the arrest of ships in IRISL's fleet over alleged mortgage defaults. In addition, IRISL has had difficulty maintaining adequate hull and protection-and-indemnity (P&I) insurance.

In October 2009, the UK froze business ties with IRISL, and the shipping line could no longer receive coverage from UK P&I insurers, which had covered many of the ships in IRISL's fleet. European insurers declined to cover the Iranian ships, and insurance from a Bermudan P&I provider was short-lived, after the Bermudan government imposed restrictions modelled after the UK action in January of last year. Since then, IRISL has turned to Tehran-based Moallem Insurance, sanctioned by the US in December.

Japan's unilateral sanctions, passed in September, freeze the assets of individuals and entities linked to Iran's nuclear programme, ban the provision of insurance or reinsurance services, bar Japanese financial institutions from buying bonds issued by Iran's central bank, and ban financial activity with 15 designated Iranian banks that could contribute to nuclear activities.

Toyota Motor has suspended motor vehicle exports to the country indefinitely since June.

China, Iran's largest trading partner, and Russia have opposed unilateral sanctions against Iran.

In September, South Korea temporarily closed 102 companies believed to be helping Iran's nuclear programme, including the Seoul branch of Bank Mellat, an Iranian bank that handles around 70 per cent of South Korean exports to Iran.

Trade between the two countries was valued at about US\$9.6 billion in 2009.

Bank Mellat has been sanctioned by the EU and the US, and is one of the lenders in a mortgage to IRISL for four Malta-flagged ships owned by the Hong Kong shipping companies sanctioned last week.

Additional reporting by Lana Lam

Time lag

The number of months that have passed since the latest UN sanctions on Iran is:  
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