



THE HONG KONG SHIPOWNERS ASSOCIATION LTD.

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 Hong Kong

By Mail and by Fax : 2523 3207

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Dear Sirs,

Constitutional Development

In accordance with the invitation contained in the Fourth Report of the Constitutional Development Task Force, I now submit our Association's views and specific proposals on the methods for selecting the Chief Executive in 2007 and for forming the Legislative Council in 2008.

The Hong Kong Shipowners Association was incorporated in 1957, and has grown into one of the largest Shipowner Associations in the world, its members controlling and managing an internationally trading fleet with a total carrying capacity of about 56 million deadweight tonnes (33.3 million gross tons); about 7.5% of the world fleet.

The Hong Kong Register of Ships is one of the largest in the world, growing from 5.7 million gross tons in 1997 to over 26 million gross tons today. The Hong Kong port is the world's largest container port, handling over 22 million TEUs (Twenty Foot Equivalent Units) in 2004. In 2003, the Maritime Transport industry generated about HK\$27.5 billion of value added, or 2.3% of Hong Kong's Gross Domestic Product, and employed some 46,000 people in the main maritime transport services (not including barges/lighters, stevedoring services) or 73,000 people (including these services)¹.

The Maritime Transport industry (comprising both the Port and the Maritime industries) is therefore not only of great importance to Hong Kong's economy and employment, but has a global importance that is internationally well respected. A recent Consultant's report made for the Port and Maritime Board² recognized these strengths, and proposed several strategies to further develop Hong Kong as Asia's leading Maritime Centre. Many of these strategies have as their origin the necessity to

¹ 'Statistical Digest of the Services Sector 2004', Census and Statistics Department

² 'Study to Strengthen Hong Kong's Role as an International Maritime Centre', Maunsell, January 2003

create a higher profile for Hong Kong's Maritime industry. It should also be noted that it is clear that Government's strategy is to promote Hong Kong's maritime and logistics sectors, both of which are major contributors to the Maritime Transport industry.

Our Submission made to Government in response to the invitation contained in the Third Report of the Task Force proposed that a new Sector should be created for the Maritime Transport industry. We made proposals as to how the new Sector should be populated in order to ensure wide representation across the industry. We further proposed that the new Maritime Transport sector should be given the opportunity to elect 12 members to the Chief Executive election committee and that a new Maritime Transport Functional Constituency be created in the Legislative Council. For good order's sake, we repeat the proposals made in our earlier submission.

Our views on the questions posed in the Fourth Report are as follows:

It is essential, and in accordance with the Basic Law and the interpretation of the Standing Committee, that the move towards universal suffrage conforms to the principle of gradual and orderly progress. It is obvious, therefore, that any changes to the present system of selecting the Chief Executive and forming the Legislative Council must be one step, one planned step, towards the end goal of universal suffrage. And this first step should only be in accordance with a road map that directs the way towards universal suffrage.

In other words, without the road map, it is difficult, if not impossible, to decide the direction of the first step. The Fourth Report asks for views on the nature of the first step, but gives no indication of the nature of the route, except for asking, as the very last question, whether a timetable should be set out for electing the Legislative Council by universal suffrage. It is our opinion that if the first step is taken without referring to a road map, then it might later be seen to be a step in the wrong direction and a step that actually puts back the ultimate aim of universal suffrage.

Our further comments, below, are therefore made with the ultimate aim of universal suffrage in mind; the end result rather than the next, so far undefined, waypoint on the journey.

We have used the paragraph numbering used in Appendix III to the Fourth Report.

Chief Executive

1. The ultimate aim is to select the Chief Executive by universal suffrage. A first step in this process therefore has to be to increase the number of Election Committee members to a number that allows good representation across all sectors in Hong Kong.
2. The delineation and the proportion of seats allocated to each sector of the Election Committee should be kept the same. In selecting the members of each sector, however, it is essential to ensure that smaller groups are heard. Increasing the number of seats for large corporations, for the reason of economic contribution to Hong Kong or the number of people employed, would not allow proper representation of the smaller

sectors. It is essential that a method be introduced that would ensure that all sectors in Hong Kong are given the opportunity to participate.

3. One eighth of the number of Election Committee members should be maintained as the threshold for nomination, but this should include a requirement for a degree (but not an equal degree) of cross-sectoral support.

4. In accordance with the ultimate aim, the electorate for the Election Committee should be increased. It is our opinion that the number of sub-sectors should be increased (and that Maritime Transport be one of the new sub-sectors).

5. Until such time that all ministers are elected by universal suffrage, the Chief Executive, to our mind, should not be permitted to maintain political affiliation. The senior ministers are appointed by the Chief Executive and are only accountable to him. Political affiliation of the Chief Executive could bring charges of political bias in high Government positions.

Legislative Council

1. It is our opinion that the number of seats in the Legislative Council should be increased (one of which should be to represent the Maritime Transport sector). One reason for this is the increasing workload of the Legislative Council as more time and effort is required to meet the public's aspirations for proper and full analysis of all issues. The second reason is to move that one step towards universal suffrage; the more seats in the Council, the better the different sectors may be represented. The objections to the increase in the number of seats as being in conflict with the ultimate aim of universal suffrage would appear to be centered on the existence of functional constituencies rather than the number of seats. This objection is addressed later.

2. The number of Geographic Constituency seats should be increased to maintain parity with the number of functional constituencies. The principles to be used in deciding how to allocate the Geographic Constituency seats must be to permit full and equitable individual representation across the entire region.

3. Hong Kong thrives on its 'business friendly' and 'laissez-faire' environment and reputation; it is this, in combination with the entrepreneurial nature of Hong Kong people, that has led to Hong Kong's success. We agree that the ultimate aim of universal suffrage would lead to the abolishment of functional constituencies, but until effective systems are set up that would ensure a fast route for business concerns, on a sectoral level, to be fed into the making of policy, it is essential, in our opinion, to maintain direct business involvement in the legislative process. The methods of integrating business concerns into policy and legislative processes should be a part of the road map towards universal suffrage, and until that road map is produced we do not agree to any reduction in the parity between the number of functional and geographic constituencies.

4. New functional constituencies should be selected on the degree of that sector's contribution to Hong Kong's economy as well as to ensure broad representation of the

business sector. There are opportunities to split existing functional constituencies, and it is our view that this should be done after consideration of the underlying nature of the business of the members of the constituencies. For example, the Transport Functional Constituency represents road transport, taxi drivers and the maritime transport industry. Maritime Transport has very different issues and concerns to road transport and taxis, and so there is a natural split that could be made in this Functional Constituency. This is the basis for our proposal for the creation of a new Maritime Transport Functional Constituency in the Legislative Council.

5. It is our opinion that it is essential to preserve the proportion of Legislative Council members that are foreign nationals. Hong Kong is an international city, and must be seen to be maintained as one.

6. These questions have been answered in various places above.

We are grateful for the opportunity to express our views to the task force. If you need further information, please do not hesitate to contact me.

Yours faithfully,

(Signed)

Arthur Bowring
Managing Director