

*** Document 17 of 25 for FBS5 ***

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 RAYHAP/ATTORNEY GENERAL D BRANCH
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 RHEFADA/497IG AMHS BOLLING AFB DC
 RHEFJWC/JWAC DAHLGREN VA
 RHHJJAA/JICPAC HONOLULU HI
 RHHJJPI/PACOM IDHS HONOLULU HI
 RHHJRAP/USARPAC INTEL FT SHAFTER HI//APIN//
 RHHMUNA/USCINCPAC HONOLULU HI
 RUCXNIS/DIRNAVCRIMINVSERV WASHINGTON DC
 RUCXONI/ONI WASHINGTON DC//2140//
 RUEAII/STORAGE CENTER FBIS RESTON VA
 RUEHBJ/AMEMBASSY BEIJING
 RUEHC/SECSTATE WASHINGTON DC//INR//
 RUEHC/SECSTATE WASHINGTON DC//STR//
 RUEHHK/AMCONSUL HONG KONG
 RUEHSH/AMCONSUL SHENYANG
 RUEKDIA/DIA WASHINGTON DC
 RUEKJCS/SECDEF WASHINGTON DC
 RUEDAYA/CDRNGIC CHARLOTTESVILLE VA
 RUEPMAX/GISA FT BRAGG NC
 RUEPPOG/CDR PSYOPGP FT BRAGG NC//ASOF-POG-SB//
 RUEPPOG/CDR4THPSYOPGP FT BRAGG NC//AOCF-POG-SB//
 RUEPWDC/DA AMHS WASHINGTON DC
 RUETIAA/NSACSS FT GEORGE G MEADE MD
 RUHBABA/CG III MEF//G-2//
 RUHHAEA/NAIC WRIGHT PATTERSON AFB OH
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WARN WARNING: TOPIC: DOMESTIC ECONOMIC, LEADER

SERI SERIAL: CPP20001027000083

COUN COUNTRY: CHINA, HONG KONG

SUBJ SUBJ: EDITORIAL URGES TUNG TO BECOME LESS DEFERENTIAL TO HONG KONG'S TYCOONS

SOUR SOURCE: HONG KONG HONG KONG IMAIL (INTERNET VERSION-WWW) IN ENGLISH 27 OCT 00

TEXT TEXT:

[EDITORIAL, "TEST OF LEADERSHIP"]
 [REDACTED] TRANSCRIBED TEXT FOR FBIS] PICTURE THE SCENE: AN UNIDENTIFIED FLYING OBJECT LANDS IN STATUE SQUARE OUTSIDE THE LEGISLATIVE COUNCIL BUILDING. A DELEGATION OF MARTIANS EMERGES. "TAKE US TO YOUR LEADER," THEY SAY. "WHO IS A LEADER?" YOU RESPOND. "THE MOST INFLUENTIAL PERSON IN HONG KONG," THEY EXPLAIN. WHERE WOULD YOU TAKE THEM? CENTRAL GOVERNMENT HEADQUARTERS, OR THE CHEUNG KONG CENTRE?

LI KA-SHING AND HIS FAMILY CAME UNDER CRITICISM THIS WEEK FOR THEIR DOMINANCE OF THE HONG KONG ECONOMY. HE AND HIS SONS ARE AMONG A SMALL ELITE OF BUSINESS TYCOONS WHO, IN THE WORDS OF A EUROPEAN PARLIAMENT REPORT, WIELD "UNDUE AND DOMINANT INFLUENCE".

IS THIS FAIR COMMENT? YESTERDAY CHIEF EXECUTIVE TUNG CHEE-HWA REJECTED THE REPORT, ARGUING THAT HONG KONG'S ECONOMIC FREEDOM IS "ONE OF THE BEST IN THE WORLD".

IT IS TRUE THAT THE LI FAMILY OWNS A LARGE PROPORTION OF HONG KONG'S BUSINESS. THE COMBINED TOTAL CAPITALISATION OF THE FIVE LI COMPANIES AMOUNTS TO MORE THAN \$702 BILLION, ALMOST A QUARTER OF HONG KONG'S STOCK MARKET. IT IS TRUE THAT MANY PRODUCTS WE NEED FOR BASIC LIVING ARE SOLD TO US BY LI FAMILY COMPANIES. MR LI ALSO HAS INTERESTS IN PORTS, TELECOMMUNICATIONS, PROPERTY, HOTELS, ENERGY AND INFRASTRUCTURE. TO SOME EXTENT, WHAT WE EAT AND DRINK, WHAT WE WASH WITH, HOW WE TRAVEL, HOW WE COMMUNICATE AND WHERE WE LIVE COULD BE IN LI FAMILY HANDS. LAST YEAR THE \$13 BILLION CYBERPORT PROJECT WAS AWARDED TO RICHARD LI TZAR-KAI WITHOUT A TENDERING PROCESS. THIS YEAR RICHARD LI ACQUIRED HONGKONG TELECOM, GIVING THE FAMILY CONTROL OF TWO TELECOMMUNICATIONS PROVIDERS, HONGKONG TELECOM AND HUTCHISON TELECOM.

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BUT THE PROBLEM, AND THE RESPONSIBILITY FOR DEALING WITH IT, LIES WITH THE GOVERNMENT. MR LI AND HIS SONS ARE SIMPLY GOOD BUSINESSMEN. THEY SEE AN OPPORTUNITY, AN ADVANTAGE, AND THEY GO AFTER IT. THEY SHOULD NOT BE CRITICISED FOR BEING SUCCESSFUL. INSTEAD, IT IS UP TO THE GOVERNMENT TO CONSIDER MEASURES TO PROTECT AGAINST MONOPOLIES AND PRESERVE COMPETITION.

MR TUNG WAS YESTERDAY ENDORSED FOR A SECOND TERM BY CHINA'S VICE-PREMIER QIAN QICHEN. HE SHOULD TAKE ADVANTAGE OF THAT ENDORSEMENT, HAVE MORE CONFIDENCE, SPREAD HIS WINGS AND BECOME LESS DEFERENTIAL TO HONG KONG'S TYCOONS.

[DESCRIPTION OF SOURCE: HONG KONG HONG KONG IMAIL (INTERNET VERSION-WWW) IN ENGLISH -- ONE OF HONG KONG'S TWO MAJOR INDEPENDENT ENGLISH LANGUAGE NEWSPAPERS. SUCCESSOR TO THE HONG KONG STANDARD IN MAY 2000, IT IS OWNED BY SING TAO HOLDING LTD, WHICH WAS TAKEN OVER BY LAZARD ASIA FUND IN 1999. ROOT URL ON FILING DATE: [HTTP://WWW.HK-EMAIL.COM.](http://www.hk-icemail.com)]

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