

COMMENTHK

The US Congress lives in an imaginary world

Michael Edesess says American politicians should fix their own country's problems before they slander China

On Dec 20, a committee of the US Congress, the Congressional-Executive Commission on China (CECC), released its 2024 Annual Report, a 315-page document. The most charitable thing that can be said about this report is that the CECC must think it is dealing with the Soviet Union of 50 years ago, not with present-day China. And yet, its anachronistic theme is helpful to committee members, whose warnings of a sinister "outside threat" may help cement their electoral support.

The message of the report is evident right from its first sentence: "This reporting year the Congressional-Executive Commission on China (CECC, or Commission) focused on ongoing human rights abuses by the government of the People's Republic of China (PRC) and the Chinese Communist Party (CCP), particularly with regard to forced labor."

More on those abuses shortly. But even more revealing of the committee's delusion is the first statement in the announcement of the report's release, which reads: "In the 2024 annual report released today, the CECC once again stands with the Chinese people against the Chinese Communist Party."

The announcement continues to ply the theme that by taking a stand against Chinese government abuses — i.e., the Communist Party of China — the US committee is on the side of the Chinese people against their government. Let us take a look at how abused by their government the average Chinese citizen feels.

In July 2020, the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School in Cambridge, Massachusetts, released a report titled Understanding CCP Resilience: Surveying Chinese Public Opinion Through Time. That report says, "Our survey contains data from eight separate waves between 2003 and 2016, and records face-to-face interview responses from more than 31,000 individuals in both urban and rural settings." It is "the longest-running independent effort to track citizen approval with all four levels of the Chinese government across time."

Table 1 of the report shows overall satisfaction by level of government. Satisfaction increased from a high level in 2005 to a yet-



Michael Edesess
The author is an adjunct professor in the Division of Environment and Sustainability at the Hong Kong University of Science and Technology.

higher level in 2016. Table 1 shows that 93.1 percent of Chinese were satisfied with the central government in 2016, while 4.3 percent were dissatisfied. As to provincial governments, 81.7 percent were satisfied while 14.6 percent were dissatisfied; 73.9 percent were satisfied with their county government while 21.5 percent were dissatisfied; and 70.2 percent were satisfied with their township government, while 25.6 percent were dissatisfied.

Let us now contrast that with a similar survey done in the US by one of the foremost surveying organizations, the Pew Research Center. Pew completed 5,203 interviews with American adults around the country in 2023. It found that 22 percent had a favorable opinion of the US federal government in Washington, DC, while 77 percent had an unfavorable view. Of their state governments, 50 percent had a favorable view, while 49 percent had an unfavorable view. Of their local governments, 61 percent had a favorable view, while 37 percent had an unfavorable view. All of the "favorable" ratings had declined by 8 to 10 percentage points compared with 2019.

Perhaps China should be standing with the American people against their government, instead of the US standing with the Chinese people against their government. The American people have a much more unfavorable view of their government than the Chinese.

The members of the congressional committee would, of course, dismiss the results of the Harvard study on the grounds that the Chinese people are benighted because of being cut off from information. They do not know how bad things are for them.

There was a certain truth to this 50 years ago in the age of the Soviet Union. The USSR population was fed lies about how poor people in America were. American propaganda outlets like the Voice of Amer-

ica and Radio Free Europe siphoned more truthful information into the Soviet Union, informing its people that, in fact, America was quite prosperous. This information played a role in the eventual dissolution of the USSR.

However, there is no resemblance between the scenario of 50 years ago and today's China vis-a-vis the US. A traveler to a Chinese city like Shanghai today who had been in the Soviet Union 50 years ago would see no conceivable parallel. The US congressional committee is dreaming.

As to the allegations of forced labor mentioned in the congressional committee's report, they are mostly ad hominem. They are not based on solid evidence, and they are not even clearly defined. What is "forced labor"? It is not defined in the committee's report. Its complete definition is only hinted at. For example, quotes from the section in the report titled "Forced Labor in the Seafood Industry" include: "At least 50 ships had engaged in fishing crimes or had deaths or injuries onboard — at least some of which were likely the result of unsafe labor conditions"; "individuals onboard Chinese distant water fishing vessels in the Southwest Indian Ocean between 2017 and 2023 were subjected to practices indicating forced labor"; "Uyghurs and other individuals from the XUAR working in the seafood industry were subjected to forced labor transfers, surveillance, and patriotic education." What, exactly, is forced labor, and how can it be distinguished from willing labor because the laborer has few other realistic choices? This is not made clear.

Now, compare this with a report of the Crown Family School of Social Work, Policy, and Practice at the University of Chicago. It says of undocumented immigrants in the US that, "In addition to unregulated pay, they are often victims of physical and mental abuse, ranging from rape and verbal abuse to 12-hour workdays with little to no breaks and no overtime pay."

Once again, which is it? Is it the poor, downtrodden Chinese minorities like the Uyghurs, who need the US to stand with them against the Communist Party of China? Or is it the poor, downtrodden immigrants in the US who need China to stand with them against the US?

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HK will showcase resilience amid challenges in 2025

As we step into 2025, it's an opportune moment to analyze what opportunities and challenges lie ahead of Hong Kong this coming year. While it is true that Hong Kong experienced some tough times in 2024, the city demonstrated its characteristic resilience and strength, boding well for the future.

While acknowledging the hurdles that lie ahead, it's important to highlight the burgeoning opportunities, particularly given Hong Kong's unyielding status as a premier global financial hub — making it a city that's poised not for decline but for remarkable growth.

A few months back, a stir was caused in financial circles by remarks of an ill-intended smear against the city's economic performance. Contrary to this view, my colleagues and I have consistently presented evidence to the contrary through editorials and analysis on various media platforms, including China Daily. Hong Kong's ascent in international finance and innovation rankings is a testament to its economic vitality, as is its strategic participation in initiatives like the Guangdong-Hong Kong-Macao Greater Bay Area.

Hong Kong's resilience is its dominant trait. It weathered the Asian financial crisis, SARS, the global financial crisis, and the COVID-19 pandemic without significant capital flight or a diminished financial role. This steadfastness springs from its inherent stability and robustness. In 2025, despite external pressures, Hong Kong is destined to not only maintain its strength but to build upon it.

Chief Executive John Lee Ka-chiu optimistically stated in August that the region's GDP growth in 2025 will surpass that of 2024. Despite global economic uncertainties and shifting interest rates, 2025 is poised for improvement, according to Lee.

Further reinforcing this outlook, the Bank of East Asia anticipates moderate growth for both the Chinese mainland and Hong Kong in 2025, with the latter expected to see a 2.5 percent expansion, and the former, a 4.8 percent increase. Hong Kong Trade Development Council research also projects a 4 percent growth in exports for 2025, continuing the positive trend from the previous year.

While these forecasts are moderate, they must be viewed in the context of Hong Kong's growth potential as a financial hub and its strategic role within the GBA.

Turning our attention to challenges, the current global geopolitical climate presents complications, particularly with the prospect of US president-elect Donald Trump igniting a new trade war during his second term in office. Trump's



Oriol Caudevella
The author is a fintech adviser, a researcher and a former business analyst for a Hong Kong publicly listed company.

economic strategy hinges on tariffs as a means to bolster the US economy, a stance fraught with risk.

A resurgence of trade tensions could have far-reaching and severe implications, not just for China and the US, but for the global economy. History has shown that trade wars seldom yield positive outcomes.

Another pressing concern is the talent shortage — a challenge that has persisted over the years. Lee's 2024 Policy Address emphasized talent attraction and retention as key areas of focus. To maintain and amplify Hong Kong's status as a top international financial center, strategic planning is crucial to attract and retain skilled professionals.

Noteworthy measures from the 2024 Policy Address include expanding the list of universities under the Top Talent Pass Scheme, granting longer visas to high-income talent, and actively recruiting elite professionals. A new committee on education, technology and talent will further bolster Hong Kong's allure as a hub for international expertise.

Despite these challenges, I remain confident that Hong Kong will enter and exit 2025 not only as an integral financial nexus but with an enhanced role, offering abundant opportunities for businesses and individuals alike.

Hong Kong's involvement in the GBA, coupled with initiatives like fintech development, accession to the Regional Comprehensive Economic Partnership, and the Connect Schemes between Hong Kong and the mainland, underscore its dynamic prospects.

Hong Kong has consistently demonstrated its capacity to both preserve and elevate its standing as a global financial powerhouse. This, coupled with its strategic international partnerships, financial acumen and forays into emerging industries like Web3, ensures that the city is well-equipped to thrive amid challenges. The HKSAR is firmly positioned for a promising and prosperous 2025, building on a foundation of strength and resilience.

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Macao-Hengqin cooperation opens up new prospects for development

Recent developments in the Macao Special Administrative Region's economy, coupled with intensified cooperation with Hengqin through the establishment of the Hengqin Guangdong-Macao In-Depth Cooperation Zone, have brought about promising opportunities as well as challenges for Macao's economic diversification and sustainable development. Macao's performance offers insights into its future economic path, and the potential of the Hengqin-Macao collaboration suggests a pivotal mechanism that might be used to drive economic transformation.

Macao's economy continues to be dominated by its gaming and tourism sectors, with the casino industry contributing significantly to its GDP and government revenue. In November 2024, Macao's monthly gross gaming revenue reached 18.438 billion patacas (\$2.3 billion), a 14.9 percent year-on-year increase. This indicates a steady recovery from the disruptions caused by the COVID-19 pandemic. However, the reliance on the gaming industry underlines the structural vulnerabilities of Macao's economy, particularly in the face of global economic uncertainties and shifting policy landscapes.

While Macao's gaming sector demonstrates resilience, insufficient diversification remains a pressing concern. The pandemic highlighted the risks of relying on a single industry, prompting heightened efforts to explore new drivers of growth. Notably, Macao's collaboration with Hengqin presents a strategic opportunity to address this issue while expanding its role within the Guangdong-Hong Kong-Macao Greater Bay Area framework.

Macao's economic transformation aligns with national policies outlined in the 14th Five-Year Plan (2021-25) for the GBA. The



Calvin Tang
The author is a Sha Tin district council member, a Chartered Financial Analyst and a member of China Retold.

plan emphasizes Macao's integration into national development, leveraging its status as a special administrative region to foster economic diversification, promote innovation, and deepen international cooperation.

The Cooperation Zone, established in 2021, epitomizes such integration. With a focus on cultivating "four new industries", namely the high-tech research and development and advanced manufacturing, Macao-branded traditional Chinese medicine, cultural tourism and modern finance, the collaboration seeks to enhance Macao's economic viability and resilience. The Hengqin zone had aimed to raise the added value of these industries to 55 percent of GDP at the end of 2024, and further increasing to 65 percent by 2029.

Economic diversification is paramount for Macao to sustain long-term growth. The Cooperation Zone offers a platform to develop industries that complement Macao's existing strengths. The following areas stand out as focal points:

Advanced manufacturing: Aligning with Macao's aspirations to foster innovation-driven growth. The establishment of research hubs, such as collaboration between Hengqin and the University of Macau, provides a foundation for the commercialization of research outcomes, par-

ticularly in fields like artificial intelligence and microelectronics.

Traditional Chinese medicine: Representing one of Macao's key branding opportunities. Hengqin's plan to build a world-class TCM production and innovation hub could position Macao as a leader in this field, enhancing its competitiveness in the global healthcare market.

Cultural tourism and MICE (meetings, incentives, conferences and exhibitions) events: Macao's rich cultural heritage, combined with Hengqin's ample land resources, offers significant potential for developing high-value tourism products and large-scale conventions. By integrating cultural and tourism resources, the two areas could attract a more diverse visitor base and establish themselves as a global hub for cultural tourism.

Modern finance: Growing in importance within Macao's diversification strategy. Hengqin's financial reforms, including the Qualified Foreign Limited Partnership and Qualified Domestic Limited Partnership programs, have created two-way investment channels, enabling Macao to attract international capital while supporting cross-border investment.

The recent completion of the Hengqin-Macao Light Rail Transit (LRT) line and the implementation of the multiple-entry visa policy for Hengqin visitors signify a new level of integration between the two regions. The LRT line, connecting Lotus Checkpoint in Taipa to the Hengqin Port in just two minutes, facilitates the seamless movement of people and goods, thereby fostering greater economic synergy.

Moreover, the "joint inspection, one clearance" model adopted by the Cooperation Zone provides a framework for policy

harmonization, ensuring streamlined regulations and an optimized business environment. Such measures are essential for enhancing the zone's appeal to investors and residents alike.

While Macao's integration with Hengqin creates meaningful opportunities, realizing its full potential requires a thoughtful policy approach. There are various potential strategic policy directions including:

Strengthening cross-border coordination: Macao and Hengqin can establish a robust cross-border governance mechanism to ensure the smooth implementation of joint projects. This includes harmonizing regulatory frameworks, streamlining customs procedures, and fostering a shared vision for economic development. Enhanced coordination can also address potential inefficiencies in resource allocation and project execution.

Expanding talent development initiatives: Attracting and retaining talent is critical to driving innovation and industry growth. Macao can leverage its universities and research institutions to cultivate a skilled workforce, particularly in high-tech fields. Furthermore, policies aimed at attracting international talent to Hengqin through tax incentives and residency benefits could strengthen the region's human capital base.

Promoting public-private partnerships (PPPs): To accelerate infrastructure and industry development, Macao and Hengqin can actively engage private sector stakeholders through PPP models. This approach can mobilize private capital for public projects, such as the expansion of research facilities and tourism infrastructure, while promoting shared economic benefits.

Enhancing global connectivity: Macao's unique position as a gateway to Portuguese-

speaking countries (PSCs) provides an avenue for expanding its economic influence. By leveraging Hengqin's free trade policies, Macao can facilitate trade and investment with PSCs, establishing itself as a key link between the Chinese mainland and emerging markets in Africa and South America.

Building a sustainable and inclusive economy: Sustainability should be a central pillar of Macao's economic transformation. The Cooperation Zone can serve as a testbed for implementing green technologies and promoting low-carbon industries. Concurrently, policies should focus on improving the quality of life for residents, with investments in affordable housing, healthcare and social services.

Macao stands at a pivotal juncture in its economic development journey. The Cooperation Zone represents a transformative opportunity to diversify Macao's economy and integrate it further into the national development framework. While progress has been made, achieving sustainable and inclusive growth requires a forward-looking policy approach that balances innovation, collaboration, and social equity.

By capitalizing on its unique advantages, deepening its partnership with Hengqin, and aligning with national development priorities, Macao can redefine its economic trajectory, ensuring long-term prosperity and resilience within the GBA and beyond. The path forward demands visionary leadership, coordinated efforts and an unwavering commitment to innovation and inclusivity — crucial factors that will shape Macao's role as a dynamic and diversified economy in the decades to come.

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