

Government disappointed by Hong Kong's exclusion from 2021 Index of Economic Freedom

A Hong Kong Special Administrative Region (HKSAR) Government spokesman today (March 4) expressed deep disappointment and serious dismay at the Heritage Foundation's decision to exclude Hong Kong from its 2021 Index of Economic Freedom.

"The decision is neither warranted nor justified. It does not do justice to the HKSAR, which topped the chart as the world's freest economy for 25 years out of the Index's 27-year history.

"We take strong exception to the Foundation's claim that Hong Kong's economic policies are 'ultimately controlled from Beijing'. This is ill-conceived and simply not true.

"The HKSAR enjoys a high degree of autonomy over its economic and trade policies as enshrined in our Basic Law.

"Hong Kong is and will always remain an open, safe, vibrant and pluralistic international financial and business hub, underpinned by economic freedom, the rule of law and judicial independence."

The spokesman said that the Foundation's decision to suddenly exclude Hong Kong from this year's assessment was politically biased and a departure from its long-established practice for the Index.

"Hong Kong always ranked high in the areas of fiscal health, business freedom, trade freedom and financial freedom, which are the parameters used by the Foundation in compiling its index. Our strength in these areas has not changed and the best example of this is the thousands of international business corporations operating in Hong Kong," the spokesman said.

"The Foundation's decision ignores the fact that under the Basic Law, the HKSAR retains its status as a separate customs territory, and is a member in its own right of the World Trade Organization (WTO) and APEC (Asia-Pacific Economic Cooperation). The HKSAR also enters into free trade agreements, investment agreements and taxation agreements with other trading partners as an individual economy.

"We have developed and will continue to develop mutually beneficial economic and trade relations with economies around the world. Our special status has been widely recognised and respected by the international community, and Hong Kong's economic and trade status is on par with that of other WTO members."

The spokesman said that since the establishment of the HKSAR in 1997

under "one country, two systems", Hong Kong has retained its capitalist system, free economy and trusted legal system.

"The free flow of capital is guaranteed. As a matter of fact, the Linked Exchange Rate System has been operating smoothly, and the Hong Kong dollar exchange rate has been on the strong side with net capital inflows of US\$50 billion in 2020. Financial market activities have been buoyant. In 2020, Hong Kong was the second largest initial public offering centre in the world. Hong Kong's monetary autonomy, fiscal autonomy and control over foreign exchange reserves, as well as its freely convertible currency, will continue to be maintained.

"Despite the global economic recession, the number of regional headquarters, regional offices and local offices in Hong Kong remained stable at a total of 9 025 in June 2020."

The spokesman said that the HKSAR Government would continue to uphold Hong Kong's institutional strengths, including the rule of law and independence of the judiciary, a simple and low tax system, an efficient government, a free trade and investment regime and a level-playing field for all so as to create a favourable environment for business to thrive and enable the economy to prosper.

"As a sophisticated international metropolis highly connected to the world, Hong Kong has been playing a unique role as a gateway, a springboard and an intermediary between China and the rest of the world. We will continue to leverage on the advantages of 'one country, two systems' to consolidate our position as an international centre for finance, commerce and trade as well as a home for corporate headquarters. We have every confidence in Hong Kong's long-term economic development."

The 2021 Index of Economic Freedom report was released by the Foundation on March 4, 2021, analysing the level of economic freedom of 178 economies. Hong Kong was not included in this report.