

Hong Kong Special Administrative Region (SAR): 2017 Annual Report

The EU adheres to its 'one China' policy and supports the 'one country, two systems' principle and its implementation.

Trade, economic and cultural relations between the European Union and Hong Kong have continued to grow. As in previous years, [the European Union was Hong Kong's second largest trading partner](#) after mainland China, while Hong Kong was the EU's 14th largest trading partner in goods and a key partner for trade in services. With more than 2,100 EU companies based in Hong Kong, the EU remains the largest foreign business constituency in the city. The EU is looking forward to further strengthening and expanding its relations with the Hong Kong SAR.

The rule of law, a transparent regulatory framework, very low levels of corruption and crime, along with an efficient public administration and an independent judiciary, contributed to preserving and fostering the favourable investment climate that lies at the heart of Hong Kong's success.

2017 marked the 20th anniversary of the establishment of the Hong Kong SAR. It was an eventful and politically challenging year for the Hong Kong SAR and for the functioning of the 'one country, two systems' principle. The year was marked by the election of the Chief Executive; the visit of President Xi Jinping; the disqualification of a further four pro-democracy lawmakers; the controversial railway co-location agreement, under which an area of the new Hong Kong-mainland railway station will be leased to mainland China for one-stop clearance procedures, including the decision by the National People's Congress Standing Committee (NPCSC) to approve the latter, raising questions amongst Hong Kong's legal community regarding its legal basis; and dozens of judicial cases with political overtones.

Despite some challenges, the report concludes that overall the 'one country, two systems' principle worked well. However, there are legitimate questions about its implementation, leading potentially to its gradual erosion, and Hong Kong's high degree of autonomy in the long term.

The rule of law prevailed and the judiciary continued to demonstrate its independence and consistent respect for due process.

Free speech and freedom of information were generally respected. Self-censorship in the media continues, however, recent developments have also prompted questions regarding possible restrictions to the freedom of expression and free exercise of political rights.

It would be important that the Hong Kong SAR and China's central government resume electoral reform in line with the Basic Law, to reach agreement on an electoral system that is democratic, fair, open, and transparent. Universal suffrage would give the government greater public support and legitimacy in

its efforts to meet Hong Kong's economic objectives and tackle socioeconomic challenges. As mentioned in the [Spokesperson for Foreign Affairs and Security Policy's statement of 29 January 2018](#), *"The protection of civil and political rights in Hong Kong is an essential part of the implementation of the 'one country, two systems' principle, which the EU supports"*.

For More information

[20th Annual Report of the European Commission and the European External Action Service on political and economic developments in the Hong Kong Special Administrative Region in 2017](#)

[Website of the European Union Office to Hong Kong and Macao](#)