

## LCQ3: Explanatory work by HKSAR Government in US

Following is a question by the Hon Chung Kwok-pan (Hon Shiu Ka-fai to ask on his behalf) and a reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (January 8):

Question:

According to the Hong Kong Human Rights and Democracy Act (the Act) enacted earlier by the authorities of the United States (US), the US Secretary of State shall submit annually to the Congress a certification in conjunction with the report required under the US-Hong Kong Policy Act, enunciating whether Hong Kong continues to warrant existing treatment under US laws, including being treated as a separate customs territory. In this connection, will the Government inform this Council:

(1) of the details of the lobbying, conducted by the Government's Economic and Trade Offices (ETOs) in three US cities, against the enactment of the Act, including the ways in which and the number of occasions on which such lobbying was conducted, the politicians met, as well as the relevant reasons and data presented to them (set out by date in a table);

(2) as the Government has reproached a few Hong Kong people for visiting the US in September last year to urge the Congress to pass the Act and making at a hearing misrepresentations of the violent demonstrations in Hong Kong, whether, in view of such a situation, the ETO in Washington DC stepped up efforts at that time to lobby US politicians and explained to them the real situation of Hong Kong; if so, of the details, and whether it has studied the reasons why the Act was still enacted eventually by the US authorities; if it did not step up lobbying efforts, the reasons for that; and

(3) of the Government's specific plans in place to lobby US politicians this year, so as to avoid the US authorities ceasing to treat Hong Kong as a separate customs territory?

Reply:

President,

Under "one country, two systems", the Basic Law confers on Hong Kong a unique status. Article 116 of the Basic Law stipulates that the Hong Kong Special Administrative Region (HKSAR) is a separate customs territory and Article 151 provides that Hong Kong may, using the name "Hong Kong, China", participate in such international organisations as the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation as a separate member.

Therefore, Hong Kong's unique status is not granted unilaterally by any other country, but is conferred by the Basic Law. Hong Kong's unique status is well recognised and respected by the international community. Our economic and trade status is on par with other WTO members, and we are making use of this capacity in the international economic and trade arena and we establish mutually beneficial relations with our trading partners around the world.

The United States (US) enacted in 1992 the US-Hong Kong Policy Act (the Policy Act) which sets out its policy and principled positions towards Hong Kong. The act is a policy legislation of the US itself but not an international or bilateral agreement. Over the years, the US has been conducting economic and trade exchanges with Hong Kong in accordance with the Policy Act, has been respecting Hong Kong as a separate customs territory, and has on this basis established mutually beneficial bilateral economic and trade relations with Hong Kong. The US is Hong Kong's second largest merchandise trading partner in the world, while Hong Kong is the US' tenth largest export market. According to the US' statistics, the US has been enjoying the largest trade surplus with Hong Kong among its global trading partners for many years, valued at US\$33.8 billion in 2018 alone. In 2018, the US was the seventh major source of inward direct investment into Hong Kong and the ninth major destination of outward direct investment from Hong Kong. Moreover, there are 1 344 US companies in Hong Kong, of which 278 are regional headquarters. Around 85 000 US citizens also live in Hong Kong. The close and reciprocal bilateral relation between the two places is obvious.

Therefore, the enactment of the Hong Kong Human Rights and Democracy Act (the Hong Kong Act) by the US is unnecessary and unwarranted. The uncertainty caused by the Hong Kong Act will inevitably affect the confidence of international investors and companies in Hong Kong and will certainly damage the mutually beneficial relationship, including the US' interests.

My consolidated reply to the three parts of the question is as follows:

As for explanatory work, the HKSAR Government has been explaining to countries around the world the successful implementation of "one country, two systems" since our return to the Motherland, and promoting Hong Kong's unique status under the Basic Law and "one country, two systems" as well as our own various advantages. Such work is done through exchanges of information, reciprocal official visits, participation in international conferences, and the regular liaison of the overseas Economic and Trade Offices (ETOs). The Financial Secretary visited the US in October 2019, while the Secretary for Commerce and Economic Development visited the US three times in September 2018, June and September 2019 respectively, during which they met with US government officials, Congressmen, think tanks as well as the business community there, updated them on the unique status of Hong Kong under the Basic Law, the intrinsic strengths of Hong Kong as well as Hong Kong's latest situation and measures taken to address current challenges, with a view to illustrating that despite the difficulties faced by Hong Kong, the city remains a highly efficient and safe city, welcoming people from around the US to visit and do business. In respect of the Hong Kong Act, we have been

explaining the situation in Hong Kong to relevant persons and organisations, actively clarifying misunderstandings, stressing that Hong Kong and the US are partners which bring mutual benefits to each other, and that the changing of US' policies towards Hong Kong is unwarranted and will bring negative impact on the exchanges of people and businesses between the two places. Moreover, the Chief Executive, the Secretary for Commerce and Economic Development and officers of the ETOs in the US have written many times to various interlocutors in the US to explain clearly and in detail the situation in Hong Kong and the HKSAR Government's position.

The ETOs in Washington DC, New York and San Francisco have all along maintained regular contact with various sectors in the US, including federal government officials responsible for Hong Kong affairs in the White House, Department of State, Department of Commerce and US Trade Representative, congressional members and their staffers (in particular members and staffers of the Senate and House committees for foreign affairs and the Congressional-Executive Commission on China), think-tanks, media, academia, business communities and other opinion leaders. Through meetings and other arrangements, the ETOs work in earnest to facilitate the understanding of more people on the latest and actual situation in Hong Kong. Among these, in the case of the ETO in Washington DC, the ETO met around 240 US government officials and congressional members/staffers last year, with around 100 being government officials and around 140 being congressional members and their staffers. The ETO reiterated to them that HKSAR Government had spared no effort in implementing "one country, two systems", following free trade and economic policy, and safeguarding the core values of Hong Kong. The ETO explained the latest and actual situation in Hong Kong in order to clarify the misunderstandings that some of them had and maintain Hong Kong's international image and US-Hong Kong bilateral relations. The ETO also highlighted that Hong Kong and the US, being important partners in trade and such other areas as export control, anti-money laundering and counter terrorism, had mutually beneficial bilateral relations, providing significant benefits to the US economy and homeland security, and that any change to current US policy towards Hong Kong could have adverse impact on the people and business-trade interests of both places.

During the past year, the ETOs in the US facilitated visits to Hong Kong by committees relating to US-China relations as well as congressional members and staffers. These included a delegation of the Congressional US-China Working Group, a delegation of the US-China Economic and Security Review Commission and a congressional delegation organised by the US-Asia Institute in March, May and August 2019 respectively. The Government also invited two delegations of US congressional staffers to visit Hong Kong in March and October 2019 respectively under the Sponsored Visitors Programme. They met with senior HKSAR Government officials, and were given a wide range of briefings by government bureaux/departments and relevant organisations on the latest development in Hong Kong. Such visits were useful for the visitors to have a better understanding of the situation in Hong Kong such as the economy, opportunities and challenges.

In addition, the Government has been regularly meeting with Consulates-

General and foreign chambers of commerce in Hong Kong and updated them on the latest situation of Hong Kong. The International Business Committee chaired by the Chief Secretary for Administration, with members comprising representatives of foreign chambers of commerce in Hong Kong and the Hong Kong General Chamber of Commerce, meets regularly and discusses matters relating to the business environment and perceptions of Hong Kong. In the past six months, the Secretary for Commerce and Economic Development also updated the Consuls General in Hong Kong and leaders of foreign chambers of commerce on the latest situation of Hong Kong and the Government's responding measures through meetings and letters, etc.

The Government and overseas ETOs have been paying close attention to local media reports of other countries on different aspects of Hong Kong affairs. The overseas ETOs would take the initiative to request the media to rectify false reports or false information of media reports. The Government would also proactively make such clarifications and upload the statements on HKSAR Government's relevant webpages and ETOs' social media platforms.

The Government and ETOs in the US will continue to maintain close working relationship with high-level US government officials responsible for Hong Kong affairs, congressional members and their staffers, think-tanks, media, academia and business communities, continue to closely monitor the US Government's policy direction as well as the US political and economic landscape, in particular developments relating to the US Administration's implementation of the Hong Kong Act, and continue to explain the latest situation in Hong Kong to interlocutors in the US so that the reports required under the Hong Kong Act could reflect the actual situation in Hong Kong. The Government will also rebuild the confidence of various US sectors in Hong Kong's future through promotion and other activities.