

LCQ4: Measures to safeguard the legitimate rights and interests of Hong Kong people

Following is a question by the Hon Wong Ting-kwong and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 3):

Question:

In recent months, the United States Government has, on a number of occasions, imposed sanctions on certain officials, organisations and enterprises of the Mainland and the Hong Kong Special Administrative Region. In response to some countries pursuing unilateralism, the Ministry of Commerce of China promulgated on the 9th of last month and implemented on the same day the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures, which provide, among others, that if there are foreign legislation and other measures prohibiting or restricting the citizens or organisations of China from engaging in normal economic, trade and related activities with a third State and its citizens or organisations, and it has been confirmed that there exists "unjustified extra-territorial application" of such legislation and measures, the Ministry of Commerce may issue a prohibition order to the effect that the relevant foreign legislation and measures are not to be accepted, executed or observed; a citizen or organisation of China whose legitimate rights and interests are infringed upon by those legislation and measures may institute legal proceedings in a people's court, and claim compensations from the persons who have enforced those legislation and measures. In this connection, will the Government inform this Council:

(1) whether any legislation is currently in place in Hong Kong to require Hong Kong residents as well as enterprises and organisations operating in Hong Kong not to accept foreign legislation and measures which undermine the legitimate rights and interests of the residents, enterprises and organisations of Hong Kong; if so, of the details; if not, the reasons for that; and

(2) whether it will establish a mechanism whereby the residents, enterprises and organisations of Hong Kong may institute legal proceedings when their legitimate rights and interests are infringed upon by foreign legislation and measures; if so, of the details and timetable; if not, the reasons for that?

Reply:

Acting President,

We have consulted the Commerce and Economic Development Bureau on the

question raised by Hon Wong Ting-kwong, and the Under Secretary for Commerce and Economic Development is also present today. Our consolidated response to the various parts of the question is as follows.

The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law) establishes an effective legal framework and enforcement mechanism for safeguarding national security in Hong Kong, thereby ensuring the smooth and continuous implementation of "One Country, Two Systems" and the long-term prosperity and stability of Hong Kong. The implementation of the National Security Law has put an end to chaos and restored order in society, which enables the life of citizens to return to normal, and Hong Kong to be back on the track of development.

Some countries, with ulterior motives, have launched malicious and defamatory attacks on the National Security Law in an attempt to undermine the constitutional order of Hong Kong, ignoring the fact that Hong Kong is an inalienable part of the People's Republic of China with a high degree of autonomy and is directly accountable to the Central People's Government as a Special Administrative Region. The last US Administration even used this as an excuse to initiate the so-called "sanctions", in a futile attempt to intimidate the HKSAR Government into abandoning its responsibility of defending national security and to hinder the development of our country by disrupting order in Hong Kong. Such an act, absurd and menacing as it is, is in blatant violation of international laws and basic norms governing international relations, and the HKSAR Government has time and again condemned it in the strongest terms.

The HKSAR Government strongly opposes to the bullying act and we will absolutely not be intimidated. Since last November, the US Customs and Border Protection has required that all imported goods produced in Hong Kong may no longer be marked to indicate "Hong Kong" as their origin, but must be marked to indicate "China". The US' unilateral and irresponsible attempt to weaken, through the new requirement, Hong Kong's status as a separate customs territory, which is conferred by our motherland through the Basic Law under "One Country, Two Systems", is barbaric. Such a move also confuses the market, undermines the rules-based multilateral trading system and violates the rules of the World Trade Organization (WTO). As the US has not withdrawn the requirement and has no intention to resolve the dispute through consultations, the HKSAR Government has, in accordance with the WTO Dispute Settlement Mechanism, requested the Dispute Settlement Body to establish a panel to consider the dispute in order to fully safeguard Hong Kong's legitimate interests.

The HKSAR Government has repeated on many occasions that the so-called "sanctions" unilaterally imposed by foreign governments do not conform to international laws and have no legal status in Hong Kong. The so-called "sanctions" do not create any legal obligations on institutions operating in Hong Kong. In fact, other than exposing the hypocrisy and bully of the US, the so-called "sanctions" will not in any way affect the status of Hong Kong being an international financial and trade centre; nor will it undermine our

determination to defend the sovereignty, security and development interest of our country.

Since the implementation of the National Security Law, the financial system of Hong Kong has exhibited remarkable resilience and the financial markets continue to function in an orderly manner. The Linked Exchange Rate System and different facets of the financial services sector have been operating smoothly. The Hong Kong dollar exchange rate has remained stable and stayed near the strong side convertibility undertaking. A net inflow of nearly US\$50 billion into the HKD system has been recorded since June 2020, reflecting investors' continuous confidence in Hong Kong's financial markets. The market capitalisation of Hong Kong's stock market reached a record high of HK\$47,500 billion in 2020. The average daily turnover of the stock market reached HK\$129.5 billion in 2020, surging by 49% as compared to 2019. The daily turnover to date this year is over HK\$180 billion. All these are testaments to the resilience and stability of our markets despite many challenges. On trade, Hong Kong's total exports of goods showed some improvement and the value of total exports of goods grew by 5.5% in the fourth quarter last year, thanks to the strengthening of the Mainland economy and the gradual revival of import demand in many major markets. The National Security Law provides a stable business environment for enterprises, ensuring the sustainable development of our economy.

The HKSAR Government has the determination and capability to safeguard Hong Kong's long-term prosperity and stability as well as financial security for investors to continue operating in Hong Kong with peace of mind. Capitalising on the strengths of the "One Country, Two Systems", Hong Kong will harness the tremendous opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area and the sustained reform and opening up of the Mainland with the support of the Central People's Government. Hong Kong's status as an international financial and trade centre will not change despite the wrongdoing of another country.

In the following time, together with my colleague, we stand ready to answer questions from Members.