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Foreign Affairs Committee

The UK’s relations with Hong Kong: 30 years after the Joint Declaration

Tenth Report of Session 2014–15

Report, together with formal minutes relating to the report

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The Foreign Affairs Committee

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Summary

In 1984, the UK and China signed the Sino-British Joint Declaration, paving the way for Hong Kong to be transferred from British to Chinese sovereignty while preserving Hong Kong’s legal, social and economic systems and way of life. This agreement promised Hong Kong a high degree of autonomy. “One country, two systems” was a compromise that has brought success to Hong Kong Special Administrative Region since the 1997 handover, but this delicate balance has recently come under strain amidst debate over Hong Kong’s political and constitutional future. This, in turn, fuels our concern about Hong Kong’s overall direction of travel.

Eighteen years since the handover, Hong Kong SAR is a vibrant and dynamic city in which to do business, the largest financial services hub in China and a key platform for China’s trade with the world. Economic and business ties between the UK and Hong Kong remain very strong, with the hundreds of UK firms operating there facing few, if any, obstacles. We hope the UK Government will continue to ensure that its strategy on improving UK-Chinese economic and trade relations recognises the special role of Hong Kong as a partner for the UK. Deepening the successful cooperation between London and Hong Kong on the internationalisation of the RMB should constitute a key element of this strategy.

The preservation of both the letter and the spirit of the Joint Declaration is crucial to Hong Kong’s economic and business success, and the UK has both a legal right and a moral obligation to monitor the implementation of the principles established in the treaty. This is primarily done via the FCO’s six-monthly reports on Hong Kong, which aim to record developments in Hong Kong and to establish the UK position on significant issues of interest or concern. We found the reports bland and repetitive, giving little sense of wider context for events in Hong Kong or the UK Government’s views on important topics. We would like to see the reports restructured to include less ambiguous conclusions, supported by more in-depth analysis of the political, social and economic implications of the developments they describe.

Recent debates over electoral reform have exposed deep divisions in Hong Kong and a wide divergence of expectations for its political future. Hong Kong’s mini-constitution, the Basic Law, promises that the people of Hong Kong will eventually be able to elect their Chief Executive and Legislative Council by universal suffrage. On 31 August 2014, the Standing Committee of the Chinese National People’s Congress issued a decision stating that universal suffrage could be introduced in 2017, but with severe restrictions on the candidate nomination process. As evidenced by the Occupy Central campaign that at its peak brought much of Hong Kong to a standstill, the SCNPC’s decision does not go far enough in meeting the aspirations of Hong Kong’s people. We agree with the UK Government that the specific details of constitutional reform are for the governments of China and Hong Kong to decide together with the people of Hong Kong, but we do not share its view that the current electoral proposals for 2017 offer “genuine choice” to the people of Hong Kong. We also judge that the UK can and should take a clearer position on
the overall pace and degree of democratic reform.

In addition to debates on constitutional reform, we heard widespread concern that the autonomy, rights and freedoms guaranteed to Hong Kong in the Joint Declaration and Basic Law have been gradually eroded in recent years. In some respects, this reflects the continuing vibrancy of “one country, two systems”, as Hong Kong people remain vigilant and outspoken in preserving the autonomy of the Special Administrative Region and pushing back against any perceived threat to that autonomy. We were concerned, however, by reports that freedom of assembly and freedom of speech and the press are being undermined in ways both overt and indirect. A free press and the right to demonstrate peacefully are essential to the functioning of a free society and are among the most crucial pillars upholding Hong Kong’s high degree of autonomy. The UK Government should closely monitor the preservation of these freedoms, and should be robust and persistent, both publicly and privately, in affirming its support for these fundamental rights.

Looking to the future, Hong Kong may face a crisis of governance if the people, the leadership and the Chinese government cannot find a solution to the current constitutional impasse. The demand for greater democracy is more than an abstract concern: it reflects the understandable desire of Hong Kong’s people to have an accountable government that responds to their needs and interests. The status quo is not sustainable in the long term and could soon threaten the open business climate and stability that underpins Hong Kong’s enviable prosperity and growth. In our view, this tension can only be resolved by meaningful progress toward democracy, guided by a transparent process in line with the Basic Law, in which both the Hong Kong people and the Chinese government can have confidence. A democratic, stable and prosperous Hong Kong is good for the people of Hong Kong SAR, good for China, and good for the UK. Britain has an enduring responsibility to see that Hong Kong achieves this goal and to ensure that the principles, legal obligations and spirit of the Joint Declaration remain as respected today as they were in 1984 and 1997.
Conclusions and recommendations

China’s ban on the Committee’s visit

1. While we welcome the Minister of State’s assurances that the Chinese and Hong Kong authorities are aware that the UK Government disapproves of their decision to deny us entry to Hong Kong, we remain profoundly disappointed with the FCO’s response to this unprecedented act. Recent actions by the Chinese and Hong Kong governments toward UK MPs have been wholly contrary to the spirit of the Joint Declaration, and fuel concern about Hong Kong’s direction of travel. The Chinese government’s behaviour towards the UK on this issue also raises wider concerns about the state of UK-China relations and has naturally had an impact on how we have conducted this inquiry. (Paragraph 7)

British nationals (overseas)

2. We recommend that the Government state, in its response to this report, whether its policy is to support the expansion of visa-free travel worldwide for BN(O) passport holders resident in Hong Kong. If this is the case, the Government should set out what progress has been made in achieving this goal since 2006. (Paragraph 20)

Economic and trade relations

3. We welcome reports that economic ties between the UK and Hong Kong remain strong and that UK firms continue to operate in Hong Kong easily and successfully. The UK Government should ensure that its strategy on improving UK-Chinese economic and trade relations continues to recognise the special role of Hong Kong as a partner for the UK. The FCO should also continue to be active and vigilant in monitoring reports of political pressure being applied to UK companies in Hong Kong, and raise any resulting concerns with the Hong Kong government. (Paragraph 28)

The work of the British Council

4. We consider that the British Council has an important role to play in maintaining strong social ties between the UK and Hong Kong, and we welcome its work in language teaching, educational exchange and creative engagement with Hong Kong’s artistic and cultural life. (Paragraph 30)

The UK’s ongoing obligations under the Joint Declaration

5. The FCO has repeatedly said that the UK has both a moral responsibility and a legal right to monitor China’s fulfilment of its obligations to Hong Kong under the Joint Declaration. We agree. The FCO should continue making this clear to the Chinese and Hong Kong authorities at every level. The Minister of State told us that President Xi will conduct a state visit to the UK in 2015. The Prime Minister should use that opportunity to emphasise both publicly and privately to President Xi that the UK is
committed to this position, and takes seriously its monitoring of the implementation of the Joint Declaration. (Paragraph 34)

**The FCO’s six-monthly reports on Hong Kong**

6. We consider that the six-monthly reports offer comprehensive if somewhat bland narratives of events, but they fall some way short of indicating the UK’s position on developments in Hong Kong. We recommend that the reports be restructured to include less ambiguous conclusions, supported by more in-depth analysis of the political, social and economic implications of the events they describe. We also recommend that the Foreign Secretary express more clearly the UK’s views on developments during the relevant reporting period, in his foreword to each report. (Paragraph 42)

**The Chinese State Council White Paper**

7. We judge that the White Paper did not breach the letter of the Joint Declaration, but neither was it wholly consistent with the spirit of the treaty. The alarm that the White Paper engendered should not be brushed aside. There is widespread concern in Hong Kong that Beijing is tightening its grip on Hong Kong’s autonomy in ways both overt and subtle, and we consider that the White Paper constitutes further indication of that trend. This should have been more clearly acknowledged by the FCO in its statements on the White Paper and in the six-monthly reports. (Paragraph 49)

**The SCNPC decision on 2017 Chief Executive elections**

8. We agree with the FCO that the specific details of constitutional reform are for the governments of China and Hong Kong to decide together with the people of Hong Kong, but the UK can and should take a position on the overall pace and degree of democratic reform. We consider that the FCO has stopped some way short of expressing a clear view. Compared with previous selection methods for the Chief Executive, allowing every eligible Hong Kong citizen to cast a vote is an important step forward. We acknowledge that the precise meaning of the term “universal suffrage” is a matter for interpretation, and Article 45 of the Basic Law clearly states that the nominating committee must play a role in selecting candidates for election to the position of Chief Executive. But the people of Hong Kong cannot have confidence in a nominating committee with such a limited and unrepresentative composition, especially when candidates must secure the support of over half its members. We do not consider that the terms of the 31 August SCNPC decision offer “genuine choice” in any meaningful sense of the phrase, nor do we consider the decision consistent with the principle that Hong Kong should enjoy a high degree of autonomy. If the FCO is content with the SCNPC decision, it should make its views plain and avoid misleading language. (Paragraph 57)
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Student protests and Occupy Central

9. The FCO and UK Government had to strike a careful tone in responding to the recent protest movement in Hong Kong, taking into account the potential unintended effects their statements might have had on a volatile situation. On the whole we consider the FCO’s response to have been appropriate and well-balanced, and we especially welcome their support for the right of Hong Kong people to demonstrate peacefully. At the same time, we acknowledge that many of the demonstrators were disappointed by what they perceived as equivocal language and a lack of support from the UK. (Paragraph 63)

Prospects for electoral reform in 2017 and thereafter

10. We were surprised that the Minister of State said the UK was bringing different sides of Hong Kong’s constitutional debate together in the Consulate-General. If this is the case, in its response to this report the FCO should list the groups or individuals who attended these discussions and explain why it considers this to be an advisable role for the UK to play. We broadly agree with the Minister of State’s view that even gradual progress toward more democratic electoral arrangements is preferable to the status quo. Should the current electoral proposals stand, we recommend that the FCO press the authorities in Hong Kong and Beijing to lay out specific proposals and a timetable for further democratic reform after 2017 and 2020. (Paragraph 67)

Freedom of assembly

11. Freedom of assembly is a fundamental right guaranteed in the Joint Declaration. Although we recognise that the Occupy campaign brought considerable disruption to Hong Kong, the largely peaceful and orderly character of the protests should be commended. We were concerned by reports of police using excessive force, particularly when clearing the protest sites. The FCO should encourage the Hong Kong authorities to investigate and prosecute incidents of alleged police brutality in accordance with the law, and should closely monitor and report on these investigations in the six-monthly reports. It is also important that those who exercised their right to peaceful protest are not subsequently punished or put under undue pressure by the police and authorities. We call on the FCO to be vigilant in monitoring the future treatment of the protest leaders, to raise any concerns that may arise with the Hong Kong government, and to include details of any conversations with the Hong Kong government on this issue in the six-monthly reports. (Paragraph 75)

Freedom of the press

12. We recommend that the FCO continue to raise the issue of press freedom privately with the Hong Kong authorities and the Chinese government, making clear that the UK takes press freedom seriously as a right guaranteed by the Joint Declaration. We also recommend that the FCO express its concerns more robustly in the six-monthly reports and in public statements, to support journalists in Hong Kong who may face censorship, losing their jobs and even violent attacks for attempting to exercise their
rights under the Basic Law, and to ensure a climate of impunity does not evolve. (Paragraph 82)

Perceptions of the erosion of Hong Kong’s autonomy

13. The belief that China is eroding Hong Kong’s autonomy is strongly held by many people in Hong Kong, reflecting an intertwined combination of legal and political developments and questions of changing identity, language and culture. These complex issues are key to understanding the context of developments in Hong Kong, and the FCO’s reporting should reflect these nuances of public opinion more accurately as part of its overall assessment of the functioning of “one country, two systems” in the six-monthly reports. (Paragraph 87)

Hong Kong’s political and economic future

14. The demand for greater democracy in Hong Kong is more than an abstract concern: it reflects the understandable desire of Hong Kong’s people to have an accountable government that responds to their needs and interests. The status quo is not sustainable in the long term, and if the current constitutional stalemate continues it could soon threaten the open business climate and stability that underpins Hong Kong’s enviable prosperity and growth. In our view, this tension can only be resolved by meaningful progress toward democracy, guided by a transparent process in line with the Basic Law, in which both the Hong Kong people and the Chinese government can have confidence. (Paragraph 89)

The UK Government’s handling of UK-Hong Kong relations

15. We are concerned that the FCO’s lack of clarity in expressing its views on political and constitutional developments in Hong Kong may be damaging the UK’s reputation there. We welcome, however, the FCO’s emphasis on building a genuine partnership between the UK and China. A strong relationship should enable the UK and China to exchange views on Hong Kong’s political and constitutional development openly and in a spirit of cooperation, even where they may disagree. A democratic, stable and prosperous Hong Kong is good for the people of Hong Kong SAR, good for China, and good for the UK. Britain has an enduring moral responsibility to see that Hong Kong achieves this goal and to ensure that the principles, legal obligations and spirit of the Joint Declaration remain as respected today as they were in 1984 and 1997. (Paragraph 92)
1 Introduction

Background to the inquiry

1. This inquiry was launched in July 2014 to mark the 30th anniversary of the signing of the Sino-British Joint Declaration, which set out arrangements for the transfer of sovereignty over Hong Kong from Britain to China. It was preceded by a one-off oral evidence session with Martin Lee QC and the Hon. Anson Chan, two of the most prominent leaders of Hong Kong’s pro-democracy movement, who met with us during their visit to London in July. Since the handover of sovereignty over Hong Kong in 1997, the Foreign Affairs Committee has maintained a strong interest in Hong Kong’s development. Our predecessor Committees published reports including evidence, conclusions and recommendations on Hong Kong in 1998, 2000 and 2006.1

Terms of reference and evidence gathered

2. We launched our inquiry with broad terms of reference covering many aspects of UK-Hong Kong relations, specifically seeking evidence on:

- The FCO’s monitoring of the implementation of the Joint Declaration and Basic Law, including its six-monthly reports to Parliament;
- The UK Government’s relationship with the Hong Kong Special Administrative Region (SAR) Government;
- The UK’s position on progress on political and constitutional reform in Hong Kong as it moves toward universal suffrage, taking note of the wider context of social and economic development in Hong Kong;
- The UK’s presence and its ongoing interests in Hong Kong, including the prospects for trade, business and cultural exchange; and
- The work of the British Council in Hong Kong.

3. Over the course of the inquiry, the Committee held six public, formal evidence sessions in Westminster, as well as several informal meetings relevant to the inquiry. We also held three oral evidence sessions with interlocutors in Hong Kong via video-conference. In total, we took oral evidence from 20 people, in addition to the Minister of State and FCO officials. We also received more than 750 submissions of written evidence over the course of the inquiry, a large proportion of which were petitions sent by people in Hong Kong. We are grateful to all those in the UK and Hong Kong who took the time to provide written and oral evidence.

China’s ban on the Committee’s visit

4. We intended to visit Hong Kong in December 2014, to meet with senior officials in the Hong Kong SAR government, legislators, British business leaders, journalists, academics and representatives of civil society, amongst others. Immediately after we announced the launch of our inquiry, the Chinese Ambassador to the UK, the Chinese National People’s Congress and the Hong Kong Economic and Trade Office wrote to inform us that they considered the inquiry to constitute interference in China’s internal affairs, urging us to halt the inquiry and to cancel our planned visit.2 We replied that we considered the inquiry to be well within our remit to scrutinise the work of the Foreign and Commonwealth Office as part of the UK Government. We also said that we intended to continue with our inquiry and to carry out our visit to Hong Kong as scheduled. However, on 28 November, the Chinese Deputy Ambassador to the UK informed us that we would be stopped if we attempted to travel to Hong Kong, even though as UK nationals we did not need visas to enter the Special Administrative Region.

5. On 2 December the House of Commons held an Emergency Debate on China’s ban on our visit. Those who took part were unanimous in expressing concern about the ban. In his response to the debate and in a subsequent letter, FCO Minister of State the Rt Hon Hugo Swire set out how the Government responded to the ban. In our view, this response did not go far enough. We therefore published a short Report on 10 December recommending that the FCO take further action, including summoning the Chinese Ambassador.3

6. The Minister told us that he had made clear to the Chinese and Hong Kong authorities at the highest levels that the UK Government believed China’s decision to deny us entry to Hong Kong had been “regrettable, mistaken, counterproductive, wholly unjustified and ultimately not in the spirit of the Sino-British Joint Declaration.”4 The Foreign Secretary repeated this phrasing in his foreword to the six-monthly report on Hong Kong covering July to December 2014.5 The report also concluded that it was “perfectly reasonable” for the Committee to visit Hong Kong in seeking to hold the UK Government to account, and reiterated that the Government had “repeatedly” made clear “both publicly and privately” that the prevention of our visit was “wholly unjustified, counter-productive and contrary to the spirit of the Joint Declaration.”6 The Minister of State told us, however, that officially summoning the Chinese Ambassador “would not have served any particular purpose.”7 We disagree, especially in light of reports that the Minister himself was denied meetings...

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2 Letter to the Chairman from Liu Xiaoming, Ambassador of the People’s Republic of China, 14 July 2014; Letter to the Chairman from Erica Ng, Director-General, Hong Kong Economic and Trade Office, London, 14 July 2014; Letter to the Committee from the Foreign Affairs Committee, the National People’s Congress of the People’s Republic of China, 28 July 2014
3 Foreign Affairs Committee, Seventh Report of Session 2014–15, Hong Kong: China’s ban on the Committee’s visit, HC 842
4 Q315
7 Q315
with government officials when he visited Hong Kong on 8 January 2015, a day after the Hong Kong government launched a second round of public consultation on constitutional reform.\(^8\) The Minister said in response to a Parliamentary Question that Hong Kong government officials were unable to meet with him as they were “focused on the launch” of the consultation round.\(^9\) News reports, however, said that UK diplomats were “fuming”, quoting one source as saying that for a minister of this rank to be denied any meetings was “unheard of”.\(^10\) This is a cause for serious concern.

7. While we welcome the Minister of State’s assurances that the Chinese and Hong Kong authorities are aware that the UK Government disapproves of their decision to deny us entry to Hong Kong, we remain profoundly disappointed with the FCO’s response to this unprecedented act. Recent actions by the Chinese and Hong Kong governments toward UK MPs have been wholly contrary to the spirit of the Joint Declaration, and fuel concern about Hong Kong’s direction of travel. The Chinese government’s behaviour towards the UK on this issue also raises wider concerns about the state of UK-China relations and has naturally had an impact on how we have conducted this inquiry.

Main themes of the report

8. There were several significant political developments in Hong Kong in the latter half of 2014, including the publication of a Chinese State Council White Paper on “one country, two systems”, the 31 August decision on electoral reform by the Standing Committee of the Chinese National People’s Congress, and the major protest campaign against that decision which lasted from September to December. These events brought political and constitutional issues to the forefront of the inquiry. The vast majority of written submissions we received focused on these matters and the UK Government’s response to recent developments in Hong Kong. This narrowing of the inquiry’s focus was exacerbated by the Chinese government’s decision to prevent our visit, after which Hong Kong government officials declined invitations to speak to us via video-conference about broader aspects of UK-Hong Kong bilateral relations. We consider, however, that the original terms of reference announced in July remain a useful framework through which to evaluate the FCO’s handling of the major aspects of UK-Hong Kong relations.

9. Four main themes emerged from the evidence we received and thus form the main aspects of this report:

- The strength of business and trade ties between the UK and Hong Kong;
- The strengths and weaknesses of the FCO’s monitoring of the Joint Declaration via its six-monthly reports on Hong Kong;

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\(^8\) Bryan Harris and Danny Lee, “British diplomats fuming over Hong Kong’s snub of Hugo Swire”, South China Morning Post, 25 January 2015

\(^9\) HC Deb, 29 January 2015, Written Question no. 222047

\(^10\) Tom Phillips, “Hong Kong snub leaves British diplomats ‘fuming’”, The Telegraph, 25 January 2015
• Recent political and constitutional developments relating to the potential introduction of universal suffrage for the 2017 Chief Executive election, and the FCO’s response to those events;

• The perceived erosion of Hong Kong’s rights, freedoms and overall autonomy, and the FCO’s reporting on these issues.
2 Hong Kong Special Administrative Region: background

Hong Kong under British rule

10. The distinct legal and political systems that Hong Kong enjoys as a Special Administrative Region of China evolved from its history as a British colony and free-trading port. British rule over Hong Kong Island began in 1842 after the first Anglo-Chinese War, expanding further in 1860 and again in 1898 with the issuing of a 99-year lease over the entire Kowloon peninsula south of the Shenzhen River (an area known as the New Territories). By the end of the 19th Century, British Hong Kong was entrenched as the main entrepôt in southern Asia and the primary gateway for international trade with China. Hong Kong’s population and prosperity grew rapidly throughout the twentieth century, bolstered by refugees fleeing political upheaval, war and Communist rule on the Chinese mainland. By the early 1980s Hong Kong was one of four so-called “Asian Tiger” economies, characterised by a high growth rate and a focus on international financial services.

11. British Hong Kong was administered by a Governor, appointed by the Crown on the advice of the Foreign Secretary. The Governor held full executive power, chairing the Executive Council (his cabinet) and appointing most of the members of the Legislative Council (LegCo) which played an advisory role. From 1985 onwards gradual reforms were introduced to the selection process for LegCo members, including indirect elections, with the aim of transforming LegCo into a working legislature. These reforms were accelerated by the last Governor of Hong Kong, Chris (now Lord) Patten, but the franchise remained narrow, and LegCo’s powers relative to the Governor were in any event very limited. The majority of Governor Patten’s reforms were reversed after the handover of sovereignty from Britain to China in 1997.

The Joint Declaration and the Basic Law

12. In the early 1980s, the UK and Chinese governments opened negotiations to pave the way for the return of Hong Kong to Chinese sovereignty after the expiry of the UK’s 99-year lease on the New Territories.11 Rather than insisting that Hong Kong adopt China’s socialist economy and legal structures, China was willing to preserve Hong Kong’s capitalist economy and common-law system in order to benefit from its prosperity and status as a global financial centre. It was also hoped that allowing Hong Kong to maintain its existing economic, social and legal structures under Chinese sovereignty could provide a model for the eventual reunification of Taiwan with the mainland.

11 Although the UK technically held sovereignty over Hong Kong Island and a small part of the Kowloon peninsula in perpetuity under the terms of the Treaty of Nanjing (1842) and the Convention of Beijing (1860), it was believed that without the New Territories, which comprised over 90% of Hong Kong’s territory, Hong Kong would no longer be a viable entity. The entire territory of Hong Kong was thus included in the handover.
13. On 19 December 1984, the Governments of the UK and China signed the Sino-British Joint Declaration, which established the general principles under which Hong Kong would be governed after the handover of sovereignty. According to the agreement, Hong Kong would be “directly under the authority” of the Chinese Central People’s Government, but would “enjoy a high degree of autonomy”. The Declaration also stated that the social and economic systems of Hong Kong would remain unchanged for 50 years following the handover, as would its rights, freedoms and “life-style”. This concept is known as “one country, two systems”.

14. The Joint Declaration decreed that the policies outlined above would be stipulated in a Basic Law, to be adopted by the Chinese National People’s Congress (NPC). Drafted between 1985 and 1990 and formally promulgated on 4 April 1990, the Basic Law is the mini-constitution of Hong Kong. It codifies the concept of “one country, two systems”, declaring that “the socialist system and policies will not be practised” in Hong Kong for 50 years, but also stating that Hong Kong is an “inalienable” part of China. The law grants Hong Kong a high degree of autonomy, except in foreign affairs and defence matters which remain under Beijing’s direction. The Basic Law guarantees that Hong Kong will be vested with executive and legislative power, and establishes Hong Kong’s independent judiciary including a Court of Final Appeal. Chapter III of the Basic Law preserves freedoms and rights that do not apply to the same degree in mainland China, including freedom of speech and the press, freedom of assembly, freedom of the person, and private property rights. The Law took effect formally on 1 July 1997, the date of the handover.

**Hong Kong since the handover: economy, society and politics**

15. Despite several setbacks including the Asian financial crisis of the late 1990s and the burst of the dot-com bubble, Hong Kong today remains a wealthy financial hub. In 2013, Hong Kong had a per-capita GDP of US$38,124 (in current US Dollars), 26th-highest in the world. According to the index of Global Financial Centres compiled by the London-based Z/Yen think tank, Hong Kong is the world’s third-largest financial trading centre after New York and London, with an economic system characterised by heavy reliance on services, very low taxation and free port trade. The Index of Economic Freedom, compiled by the *Wall Street Journal* and the Heritage Foundation, has ranked Hong Kong SAR as the most “free” economy in the world for 21 consecutive years. Hong Kong’s level of income inequality, however, is among the highest in the developed world.

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12 Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the Question of Hong Kong, para 3.5
13 The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, Chapter I, Articles 5 and 1
14 The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, Chapter II, Articles 12-14
15 The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, Chapter III, Articles 27-37
research by Credit Suisse, the richest 10% of the population control 77.5% of the total wealth. Increasing economic integration with mainland China, concurrent with China’s rapid growth, has been a major factor in Hong Kong’s ongoing economic success. It has also made Hong Kong more economically dependent on China than it was at the time of the handover. In 1997, Hong Kong’s share of China’s total GDP stood at 16%, and it accounted for 51% of China’s exports. Today, Hong Kong makes up only 3% of China’s total GDP. Mainland firms are also increasingly prominent in Hong Kong, now accounting for 54% of companies traded on the Hang Seng Index.

16. Hong Kong is governed by the Chief Executive, who is ultimately accountable to both the Chinese Central People’s Government (CPG) and Hong Kong SAR in accordance with the Basic Law. The Chief Executive is supported by the Executive Council, all members of which he or she appoints. The Executive Council is, in turn, supported by a Government Secretariat (civil service), covering all policy areas over which Hong Kong’s government has autonomy. The legislature, LegCo, today has 70 members. In the last LegCo election, which took place in 2012, 35 legislators were elected directly in geographical constituencies under a system of party-list proportional representation (in which votes are cast for a list of candidates selected by each party, rather than for individuals). 30 legislators were elected by so-called “functional constituencies” — representing different professional and sectoral groups — while the final five were selected by regional councils and elected by those who were not represented in the functional constituencies. Although there are 16 political parties and several Independents currently represented in LegCo, Hong Kong’s legislators are generally divided into two broad groups: the “pan-democrats”, who advocate constitutional reform to make Hong Kong SAR’s government and legislature more democratic, and the “pro-Beijing” groups generally seen to support the political status quo.

In the five LegCo elections since 1998, the “pan-democrats” have held between 33% and 41% of seats, with the rest held by “pro-Beijing” legislators. The proportion of “pan-democrats” returned in geographical constituencies is considerably higher than the overall total, suggesting that they would be likely to hold a majority if all legislators were directly elected. The most recent LegCo elections returned 27 “pan-democrats”, versus 43 in the “pro-Beijing” camp.

19 Credit Suisse Research Institute, Global Wealth Report 2014, Switzerland, October 2014, pp 30, 33; Josh Noble, “Economic inequality underpins Hong Kong’s great political divide”, Financial Times, 21 October 2014
20 Q261
21 Gabriel Wildau, “Hong Kong’s value to China goes beyond numbers”, Financial Times, 2 October 2014
22 Clare Baldwin, Yimou Lee and Clare Jim, “Special Report – the mainland’s colonisation of the Hong Kong economy”, Reuters UK, 31 December 2014
23 Electoral Affairs Commission of the Hong Kong Special Administrative Region, “Guidelines on election-related activities in respect of the Legislative Council Election, 2012”, Chapter 2: Geographical Constituencies, para 2.23
3 The UK and Hong Kong as partners

UK representation in Hong Kong

17. The UK Consulate-General in Hong Kong (also responsible for Macao) was opened on 1 July 1997, the day China assumed sovereignty over Hong Kong. It is one of the largest UK Consulates-General in the world, currently employing 95 staff with an operational budget of almost £1.5 million in 2014–2015.\(^{24}\) It is also one of the busiest posts for consular assistance, with a quarter of a million British citizens living and working in Hong Kong.\(^{25}\) The FCO told us that the Consul-General in Hong Kong reports directly to the head of the China Department at the FCO in London, rather than to the UK Ambassador in Beijing as would typically be the case for a regional consulate.\(^{26}\) We consider this unusual arrangement to be indicative of Hong Kong SAR’s special status and close ties with the UK.

British Nationals (Overseas)

18. According to the FCO, there are approximately 3.4 million holders of British National (Overseas) passports in Hong Kong.\(^{27}\) BN(O) status was created by the Hong Kong Act 1985, to allow people who held British Dependent Territories Citizen status before the handover to retain a connection with the UK after the transfer of sovereignty to China. Those who wanted BN(O) status were required to register between 1987 and 1997, after which point it was no longer made available. The status is non-hereditary and does not confer right of abode in either the UK or Hong Kong, nor are British nationals (overseas) considered UK nationals by the EU. British nationals (overseas) are entitled to UK consular assistance and protection, and if legally resident in the UK they enjoy all rights granted to Commonwealth citizens.\(^{28}\) However, since this category of nationality was in effect invented specifically for natives of Hong Kong, the vast majority of British nationals (overseas) are of Chinese ethnicity. China therefore considers them to be Chinese nationals only, as China does not recognise dual nationality. This means that the UK cannot offer consular assistance to British nationals (overseas) within the territory of China, including Hong Kong SAR.\(^{29}\) The last FCO six-monthly report to include a paragraph on the status of BN(O) passport holders, covering January to June 2009, said that the FCO remains “fully committed to providing the highest standard of consular and passport services to BN(O) passport holders” outside of China, Hong Kong and Macao.\(^{30}\)

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24 Foreign and Commonwealth Office (HNG 0748) para 39
25 Foreign and Commonwealth Office (HNG 0748) para 40
26 Q342
27 Foreign and Commonwealth Office (HNG 0748) para 41
28 GOV.uk, Types of British nationality, accessed 3 February 2015
19. We received some written submissions from British nationals (overseas) arguing for easier pathways to UK citizenship for BN(O) passport holders. A submission by the organisation BritishHongKong also asked the FCO to lobby several countries to treat BN(O) passport holders like UK citizens for visa and immigration purposes. Our predecessor Committee recommended that the UK Government ensure that the European Council agreed a draft Regulation, still under consideration at that time, to allow BN(O) passport holders to travel visa-free in the Schengen area. This welcome development took place in December 2006.

20. We recommend that the Government state, in its response to this report, whether its policy is to support the expansion of visa-free travel worldwide for BN(O) passport holders resident in Hong Kong. If this is the case, the Government should set out what progress has been made in achieving this goal since 2006.

Economic and trade relations

21. The UK and Hong Kong retain strong economic ties. According to the FCO, Hong Kong was the UK’s 13th-largest export market for goods in 2013, and its second-largest export market in Asia-Pacific (after mainland China). Bilateral trade between Hong Kong and the UK in both goods and services totalled some £16.6bn last year. The Hong Kong Association, an organisation supporting UK-Hong Kong business and trade ties, also told us that at the end of 2012 British investment in Hong Kong comprised 40% of all UK investment in Asia, adding that this figure probably underestimates the total given how much UK investment is routed through offshore localities like Bermuda. According to the Association, as of 2013 there were 126 British companies using Hong Kong as their regional headquarters, and another 209 companies with offices there. Investment also flows in the other direction. Hong Kong is the 12th-largest investor into the UK, and the single largest foreign company investing in the UK is Hong Kong-based Hutchinson Whampoa.

Hong Kong’s role in China

22. In 2006, our predecessor Committee reported that many UK firms used Hong Kong as a "springboard" to mainland China. We were told that although this was still the case for...
some companies, it was no longer true on the same scale due to mainland China’s
economic growth and market liberalisation.\textsuperscript{41} We heard, for example, that while 50% of
China’s goods trade was routed through Hong Kong in 1997, today that figure has dropped
to approximately 13%.\textsuperscript{42} It is now easier than ever for UK firms to operate directly on the
Chinese mainland, and cities like Shanghai, which launched its own free-trade zone in
2013, are increasingly competing to attract business and investment.

23. We heard from many witnesses, however, that Hong Kong retains a number of
advantages as a platform for British companies seeking to trade or invest in China, in terms
of its legal and political structures as well as its reputation. The Hong Kong Association
said these factors included “low and simple taxation, rule of law based on the common law,
an independent judiciary, freedoms of speech and movement and a competent and non-
corrupt civil service.”\textsuperscript{43} Jonathan Fenby, former editor of the \textit{South China Morning Post},
cited the rule of law as particularly important in maintaining Hong Kong’s competitive
advantage.\textsuperscript{44} Speaking to us on behalf of UKTI, the UK’s Consul-General in Hong Kong,
Caroline Wilson, said that these qualities would ensure that Hong Kong retained an
important role in China for the foreseeable future:

The advantages that Hong Kong has are not ones that are replicated
overnight or could be easily replicated by other centres. As you know, it takes
quite some time to build up the rule of law, an independent judiciary and the
kind of regulatory structures that we have here in Hong Kong, so I think
those will certainly be enduring.\textsuperscript{45}

Similarly, Duncan Innes-Ker, an analyst at the Economist Intelligence Unit, told us that
Hong Kong has an international culture that cities on the Chinese mainland will take a
long time to match.\textsuperscript{46} We expect Hong Kong to remain a vital hub for UK business and
investment in China, especially in light of the recent launch of the Shanghai-Hong Kong
Stock Connect which allows investors in Hong Kong to trade directly in shares listed on
the Shanghai stock market via Hong Kong-based brokers.

\textbf{RMB internationalisation}

24. One reason for Hong Kong’s continuing importance as a financial centre in China is its
position as the platform for the internationalisation of the renminbi (RMB), China’s
currency. In mainland China the RMB is not freely convertible, but since 2004 Hong Kong
banks have been able to offer RMB banking services including currency exchange. This was
followed in 2007 with the launch of so-called “dim sum” bonds (RMB-denominated bonds

\begin{footnotes}
\footnote{41}{Qq82, 282}
\footnote{42}{Q261}
\footnote{43}{Hong Kong Association (HNG 0739) para 6}
\footnote{44}{Q82}
\footnote{45}{Q51}
\footnote{46}{Q260}
\end{footnotes}
issued in Hong Kong). Hong Kong is today the largest hub for RMB trading outside mainland China, with a 65% share of the global RMB market.47

25. RMB internationalisation was cited by the FCO as a key policy area on which the UK and Hong Kong governments have cooperated in recent years. This cooperation largely takes place in the format of the London-Hong Kong RMB Forum, which brings together the City of London’s RMB initiative, the Hong Kong Monetary Authority and HM Treasury.48 The forum met in London in 2014, and will meet in Hong Kong in 2015.49 According to the FCO this high level of cooperation has helped London to become the second-largest offshore centre for RMB trading after Hong Kong.50

The business climate for UK firms in Hong Kong

26. Consul-General Wilson said that there were “few hurdles” for British businesses operating in Hong Kong. She told us that UK businesses got on “extremely well” there, adding:

This is an open, transparent and competitive market; it is largely English speaking; the rule of law is very familiar to British businesses; and the Hong Kong people are very efficient. The culture of Hong Kong is business, so it is fair to say that if you can’t do business in Hong Kong, you’re probably not going to be able to do business very well anywhere.51

This was also the view of Lord Powell of Bayswater, representing the Hong Kong Association, who told us he could not think of an easier or better place in the world to do business than Hong Kong.52 Asked for specific examples of obstacles that UK companies face in Hong Kong, both Ms Wilson and Lord Powell said there were very few.53

27. We heard, however, some concerning reports that UK firms had recently come under pressure from the Hong Kong authorities to state publicly their opposition to the Occupy Central protest movement that has dominated Hong Kong’s political scene since September 2014.54 We were reassured to be told by the Hong Kong Association that none of their members had mentioned being put under this type of pressure.55 Freedom from political pressure is one of Hong Kong’s greatest strengths as a place to do business, especially relative to the Chinese mainland. If this freedom were compromised, it could do

47 Q341
48 Foreign and Commonwealth Office (HNG 0748) para 21
49 Foreign and Commonwealth Office, Remarks by Consul-General Caroline Wilson at “UK – the Western RMB Hub” event, 26 January 2015
50 Q341
51 Q52
52 Q281
53 Q281, 281
54 Q61
55 Q288
great damage to Hong Kong’s reputation and ability to attract international business and investment.

28. We welcome reports that economic ties between the UK and Hong Kong remain strong and that UK firms continue to operate in Hong Kong easily and successfully. The UK Government should ensure that its strategy on improving UK-Chinese economic and trade relations continues to recognise the special role of Hong Kong as a partner for the UK. The FCO should also continue to be active and vigilant in monitoring reports of political pressure being applied to UK companies in Hong Kong, and raise any resulting concerns with the Hong Kong government.

The work of the British Council

29. The British Council office in Hong Kong is one of the oldest and largest in the world, with a staff of over 200. The main aspects of its work are English language teaching and conducting examinations, and it is also involved in facilitating educational exchange, the arts and creative industries and social entrepreneurship. The British Council in Hong Kong told us that it has excellent relationships with the Hong Kong government, particularly the Education Bureau and the Leisure, Culture and Sports Department. It also said that the UK remains the market leader in receiving Hong Kong students, with 56% of students who choose to go abroad enrolling in UK schools and universities.

30. As time passes since the end of British colonial rule and Hong Kong becomes a more international city, the British Council told us that employers report a decline in English language proficiency. The British Council therefore has an important role to play in ensuring that Hong Kong’s young people continue to have a high standard of English proficiency, which benefits jobseekers in an international market and strengthens cultural ties between the UK and Hong Kong. Language teaching, however, is not enough to bolster social and cultural relations between Hong Kong and the UK. The British Council’s participation in projects like the West Kowloon Cultural District—a £1.73bn scheme involving the construction of a new cultural and artistic hub with 18 museums, theatres and other cultural facilities on the Hong Kong waterfront—offer key opportunities for raising the profile of the UK in Hong Kong’s cultural scene, and for creating new contacts between Hong Kong and the UK. We consider that the British Council has an important role to play in maintaining strong social ties between the UK and Hong Kong, and we welcome its work in language teaching, educational exchange and creative engagement with Hong Kong’s artistic and cultural life.

56 British Council (HNG 0503) para 2.1
57 British Council (HNG 0503) para 2.2
58 British Council (HNG 0503) para 5.2
59 British Council (HNG 0503) para 4.2
60 British Council (HNG 0503) para 6.2
4 FCO monitoring of the Joint Declaration

The UK’s ongoing obligations under the Joint Declaration

31. The Sino-British Joint Declaration is an international treaty, registered in 1985 with the United Nations. When it was signed, both the UK and China undertook to implement its provisions. The UK’s specific obligation was to administer Hong Kong until the handover “with the object of maintaining and preserving its economic prosperity and social stability.” According to the FCO, this obligation was fulfilled when sovereignty over Hong Kong was transferred from Britain to China. The majority of the treaty focuses on China’s policies toward Hong Kong SAR, which may not be changed for 50 years following the handover of sovereignty. The FCO’s position is that the UK retains a locus standi in ensuring that China, as a counter-signatory, continues to fulfil its obligation to maintain Hong Kong’s “high degree of autonomy”. Thus although the Declaration did not confer any specific legal obligations on the UK toward Hong Kong after 1 July 1997, the FCO has consistently held that the UK has a “moral responsibility and a legal right” to monitor the ongoing implementation of the treaty.

32. We were therefore concerned to hear comments made in December 2014 by Raymond Tam, Hong Kong’s Secretary for Mainland and Constitutional Affairs, in response to a question in LegCo on the Joint Declaration. He said:

  The provisions of the Joint Declaration have been fully implemented, and its purpose and objectives have also been fully fulfilled. [...] The United Kingdom has no sovereignty, jurisdiction or right of supervision over Hong Kong, and there is no such thing as “moral obligation”.

33. We put these comments to the FCO Minister of State, Hugo Swire, and were reassured to hear that the UK Government did not agree with them. We note that Mr Swire raised this issue with the Chinese Foreign Minister and with the head of the Hong Kong and Macao Affairs Office in May 2014. In his foreword to the six-monthly report on Hong Kong covering July to December 2014, the Foreign Secretary wrote:

  Let me be unequivocal, as we have been, consistently, at all levels of Government: the Joint Declaration remains as valid today as when it was signed in good faith by Margaret Thatcher and Zhao Ziyang, and the UK’s

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61 Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the Question of Hong Kong, para 4
62 Q334
63 Q334
64 Q333
66 Qq335-337
commitment to it is as strong as ever. It is a legally binding treaty, registered with the UN and as a co-signatory, we have a clear right to monitor and comment on its implementation, and we will continue to do so.67

34. The FCO has repeatedly said that the UK has both a moral responsibility and a legal right to monitor China’s fulfilment of its obligations to Hong Kong under the Joint Declaration. We agree. The FCO should continue making this clear to the Chinese and Hong Kong authorities at every level. The Minister of State told us that President Xi will conduct a state visit to the UK in 2015. The Prime Minister should use that opportunity to emphasise both publicly and privately to President Xi that the UK is committed to this position, and takes seriously its monitoring of the implementation of the Joint Declaration.

The six-monthly reports

35. Since the handover of sovereignty in 1997, the FCO has monitored the implementation of the Joint Declaration primarily via its six-monthly reports on Hong Kong. In a Westminster Hall debate on 22 October 2014, the Minister of State said that the six-monthly reports are widely read by decision-makers in Hong Kong and Beijing.68 The evidence we received supports this contention. Many of the witnesses to whom we spoke in Hong Kong, as well as a large number of the written submissions, showed detailed knowledge of the content and tone of the reports. The President of the Foreign Correspondents Club in Hong Kong also told us that UK statements on Hong Kong were widely reported there. He said:

What I can say is that any time the UK Government issues any kind of language on Hong Kong, it gets reported everywhere—in all the print and broadcast media. People here are listening and looking for cues from London to see what the view is, and that gets reported extensively—and it will get spun extensively, depending on the media group involved and what their position is on these issues of pro-China, pro-democracy or whatever the rival camps are. Fundamentally, you are guaranteed a wider audience.69

The impact that the UK’s statements can have in Hong Kong has also been made apparent to us by the extensive coverage of our inquiry in the Hong Kong media. It is therefore of utmost importance for the FCO to get the six-monthly reports right.

36. According to the FCO, the purpose of the reports is “to keep Parliament informed of major developments in Hong Kong, in particular regarding the implementation of the Sino-British Joint Declaration and the operation of the ‘one country, two systems’ model.”70 They told us that the reports aim to provide a “narrative” of developments

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68 HC Deb, 22 October 2014, col 294WH
69 Q154
70 Foreign and Commonwealth Office (HNG 0748) para 8
during the reporting period, and to establish the UK position on any significant issues of interest or concern.\textsuperscript{71} The reports are drafted by FCO officials in the Consulate-General in Hong Kong and revised together with the China Department in London.\textsuperscript{72} The Foreign Secretary then writes a short foreword, typically no longer than two pages, before presenting the report to Parliament.

37. The six-monthly reports have never identified a breach of the Joint Declaration. The reports have consistently concluded that “one country, two systems” continues to work well, although the most recent report acknowledged that it had been “put to perhaps the most serious test since the handover” during the period from July to December 2014.\textsuperscript{73} The reports typically cover topics including the independence of the judiciary, the rule of law, basic rights and freedoms such as freedom of the press and of assembly. They also detail political, economic and constitutional developments during the reporting period. The reports have been used to express concern about various issues and developments, most strongly in 2002 and 2003 in relation to proposed national security legislation under Article 23 of the Basic Law, which, if passed, could have significantly restricted freedom of speech and the press.\textsuperscript{74} The Foreign Secretary’s foreword is intended to provide “the main political opinion” expressed in the report.\textsuperscript{75} The foreword, however, is often identical in content and phrasing to the conclusions stated throughout the main body of the report, and usually offers little extra insight into the UK Government’s position.

38. On the whole, the assessment of our witnesses was that the reports could do better, particularly in relation to establishing the UK position on events of interest or concern. This was not a unanimous view—the Hong Kong Association called the reports a “useful compendium of developments”—but a significant majority of the evidence we received ranged from mildly to strongly critical. Some witnesses, particularly academics and analysts, thought that the reports were broadly accurate in their description of events in Hong Kong, but that they lacked analysis and opinion. Duncan Innes-Ker, an analyst at the Economist Intelligence Unit, said he thought the six-monthly reports gave “broad” and “deep” coverage, but that they did not always reflect accurately “a full sense of the feelings on the ground.”\textsuperscript{77} He described the reports as “a repetition of fact, rather than an expression of opinion.”\textsuperscript{78} Similarly, Dr Malte Kaeding, Lecturer in International Politics at the University of Surrey and an expert on Hong Kong, said the reports provided a good overview of events, but lacked context and did not make linkages between the individual issues and events described in the narrative.\textsuperscript{79} Atypically among the interlocutors in Hong

\textsuperscript{71} Foreign and Commonwealth Office (HNG 0748) para 9
\textsuperscript{72} Q346
\textsuperscript{73} Foreign and Commonwealth Office, The Six-monthly Report on Hong Kong: 1 July to 31 December 2014, February 2015, p 28
\textsuperscript{74} The legislation was withdrawn in 2003 after mass protests, and has not been re-introduced to date.
\textsuperscript{75} Q347
\textsuperscript{76} Hong Kong Association (HNG 0738) para 4
\textsuperscript{77} Q258
\textsuperscript{78} Q259
\textsuperscript{79} Q29
Kong to whom we spoke via video-link, the Chairman of the Hong Kong Democratic Foundation expressed admiration for the depth of China-related knowledge displayed by FCO officials working on the reports, even though he did not always agree with their view. He said:

We know—we have links with your consulate general in Hong Kong—almost everyone who wrote the six-monthly report and we know that both former and current officials working in the Foreign and Commonwealth Office are sinologists. They have deep knowledge of China [...] Because of their deep knowledge, of course their judgment could be slightly different from Hong Kong and from people who are not sinologists [...] I know that they have Hong Kong’s best interests at heart. There are people who have a different opinion—that is normal in a democratic society—but personally, I trust their judgment, because they can tell me things I don’t know. The Foreign Affairs Committee might blame them or say, “They are not doing their job,” but in our opinion they are doing the best they can to preserve not just you but us, and they are trying to best serve China’s interests too.80

This was, however, an unusually sympathetic evaluation of both the content of the six-monthly reports and of the FCO’s judgment in responding to developments in Hong Kong.

39. A large proportion of those to whom we spoke had more negative views on the reports, criticising them for failing to convey an accurate sense of public opinion in Hong Kong, and also for their neutral tone. Asked for his opinion on the reports, former Governor of Hong Kong Lord Patten said:

Well, words like “bland” and “anodyne” come to mind, but they probably overdo the excitement and aggressiveness of the reports. On the day that the sans-culottes stormed the Bastille, Louis XVI wrote in his diary, “Rien”,81 and you get a slight feeling of that when you read these six-monthly reports, which must have been written thousands of miles away from Hong Kong.82

The “pan-democrat” legislators to whom we spoke were highly critical of the reports, saying that they failed to convey the extent to which people in Hong Kong are worried about the perceived erosion of Hong Kong’s autonomy. Emily Lau, leader of the Democratic Party, said that the reports were “very weak” and “not really stating things as they are”.83 Alan Leong, leader of the Civic Party, told us that the six-monthly reports “should reflect more accurately on what happened during the past six months and give a clearer and unequivocal view of what you had observed, instead of dodging the issue and beating about the bush.”84 Democratic activist Avery Ng called the reports “weak” and

80 Q167
81 Meaning “nothing”, in French
82 Q11
83 Q209
84 Q219
The UK’s relations with Hong Kong: 30 years after the Joint Declaration

40. Dr Tim Summers, an analyst with Chatham House and former FCO official, also said that the reports did not always express the UK position clearly enough on issues relating to the Joint Declaration. Unlike the many pro-democratic witnesses who accused the FCO of taking a timid approach in order to avoid angering Beijing, Dr Summers suggested that the relative blandness of the reports reflected the FCO’s desire to avoid angering Hong Kong’s pro-democratic activists. Speaking about a controversial White Paper published in June 2014 by the Chinese State Council, which in his judgement contains no cause for concern, he said:

   The six-monthly report for the first half of [2014] really sat on the fence on the White Paper and I don’t think they needed to sit on the fence on that. The Government could and should have come to a view […] I guess the politics are the issue, and the concern not to speak out in a way that might be criticised by pro-democracy protestors, hence the fence-sitting.

41. According to the FCO, the purpose of the six-monthly reports is twofold: to provide a narrative of events, and to serve as the main platform for the UK Government to express its views on developments in Hong Kong. People in Hong Kong, China and elsewhere look to the reports to ascertain the UK Government’s position on important and controversial issues. The reports thus speak to several different audiences at once and we acknowledge that they must tread a narrow path. However, we consider the reports unsatisfying, even within these constraints.

42. We consider that the six-monthly reports offer comprehensive if somewhat bland narratives of events, but they fall some way short of indicating the UK’s position on developments in Hong Kong. We recommend that the reports be restructured to include less ambiguous conclusions, supported by more in-depth analysis of the political, social and economic implications of the events they describe. We also recommend that the Foreign Secretary express more clearly the UK’s views on developments during the relevant reporting period, in his foreword to each report.

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85 Q240
86 Q123
87 Hong Kong 2020 (HNG 0490) para 1.1
88 Q236
89 Q237
5 Political and constitutional reform

Evolution of election procedures for the Chief Executive

43. The Sino-British Joint Declaration did not specify the precise procedures for electing Hong Kong’s government after the handover of sovereignty, stipulating only that the Chief Executive would be “appointed by the Central People’s Government on the basis of the results of elections or consultations to be held locally.”\(^9\) These procedures, including the goal of introducing universal suffrage, were subsequently established in Article 45 of the Basic Law, which states:

The method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.\(^9\)

Annex I to the Basic Law provided a more detailed breakdown of the selection method for the Chief Executive, who would be elected every five years by a “broadly representative Election Committee”.\(^9\) This Committee initially had 400 members, doubling for the next election in 2002 and reaching 1200 for the 2012 elections. Its members are chosen by four main “sectors”, each of which is comprised of numerous “sub-sectors”: the industrial, commercial and financial sectors; the professions; labour, social services, religious and other sectors; and representatives of various political bodies including LegCo, District Councils and the Chinese National People’s Congress.\(^9\) In 2012, a total of 233,572 people across all sub-sectors were registered to elect representatives of the Election Committee,\(^9\) giving about 3% of Hong Kong’s 7.15 million people a direct say in determining the Committee’s members.\(^9\) The vast majority (over 200,000) of these individual voters were concentrated in the second sector, representing professions like accountancy, law and medicine.\(^9\) In several other sub-sectors including finance, financial services, tourism and

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90 Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong, para 3.4
91 The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, Chapter IV, Article 45
92 The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, Annex I, Article 1
93 In 2012, there were a total of 38 sub-sectors. Each has its own method for nominating and selecting members of the Election Committee. Many, although not all, sub-sectors correspond to the “functional constituencies” that currently elect half of the members of LegCo (the other half are currently elected directly in geographical constituencies).
95 Hong Kong Special Administrative Region Government, “Hong Kong: the facts - Population factsheet”, accessed 10 February 2015
transport, companies rather than individuals voted for Election Committee members. In effect, this enabled major shareholders with business interests in several different industries to vote multiple times.\textsuperscript{97} As a result of this structure, as well as the relative weight afforded to the different sub-sectors, the Committee has from the outset had a \textit{de facto} “pro-Beijing” majority.\textsuperscript{98} Although advocates of greater democratic reform won enough support, largely from the second sector, to stand as official candidates in 2007 and 2012, none has ever been elected to the Chief Executive position. The current Chief Executive, Leung Chun-ying, was elected by the Committee in 2012 with 689 votes.

44. Although the Basic Law acts as Hong Kong’s mini-constitution, it is a Chinese law that can only be changed or amended by a decision of the National People’s Congress in Beijing. In 2007, the Standing Committee of the National People’s Congress adopted a decision on procedures for the election of the Chief Executive in 2012 and 2017, and for the election of Legislative Council (LegCo) members thereafter. It declared that the election of the Chief Executive in 2017 “may be implemented by the method of universal suffrage”, and that after universal suffrage had been introduced for the Chief Executive, it could also be used to elect all members of LegCo.\textsuperscript{99} The details of the electoral procedure were left open, to be decided by the NPC following several rounds of public consultation in Hong Kong. The proposed electoral package would then be presented to LegCo, requiring a two-thirds majority in order to pass. If LegCo were to reject the proposal, the election procedure would remain that used in 2012: selection by committee with no public vote.

45. In late 2013, the Hong Kong government launched a public consultation process on the 2017 Chief Executive elections, inviting submissions from stakeholders in Hong Kong about a range of specific issues including the potential size, composition and selection of the nominating committee; constituency sizes; makeup of constituencies and voting arrangements. From the outset many had low expectations of the consultation process, assuming that whatever its outcome, Beijing would not allow Hong Kong to have a fully democratic election in 2017. In 2013, law professor Benny Tai founded “Occupy Central with Love and Peace”, a civil disobedience movement inspired by the “occupy” demonstrations in New York, London and elsewhere, promising to launch protests if the consultation process and subsequent NPC decision failed to deliver what the movement considered to be genuine democracy. In July 2014, before the NPC issued its decision on electoral procedures, Martin Lee QC and the Hon. Anson Chan told us that they expected Beijing to introduce strict controls on the nomination process for candidates.\textsuperscript{100}

\textsuperscript{97} Jacky Wong, \textit{“How Hong Kong’s Chief Executive is elected”}, Wall Street Journal, 17 October 2014
\textsuperscript{98} Asia Public Affairs and Social Services Society, University of Manchester (HNG 0549) paras 20-21 and 25-26; Margaret Ng (HNG 0477) para 12; Tony Cheung, \textit{“Hong Kong’s candidate nominating system out of balance, says Beijing scholar”}, South China Morning Post, 31 August 2014
\textsuperscript{99} Decision of the Standing Committee of the National people’s Congress on Issues Relating to the Methods for Selecting the Chief Executive of the Hong Kong Special Administrative Region and for Forming the legislative Council of the Hong Kong Special Administrative Region in the Year 2012 and on Issues Relating to Universal Suffrage, 29 December 2007
\textsuperscript{100} Oral evidence taken on \textit{16 July 2014}, HC (2014 – 15) 575, Q3 [The Hon Anson Chan]
The White Paper

46. Concerns in Hong Kong about the prospects for democratic reform rose further in June 2014 with the publication of a White Paper by the Chinese State Council, entitled “The Practice of the ‘One Country, Two Systems’ Policy in the Hong Kong SAR.” The paper re-iterated that Hong Kong enjoyed a high degree of autonomy. It also insisted, however, that this autonomy was not “an inherent power”, but rather granted by the central leadership in Beijing and subject to its authorisation. It sparked protests by the Hong Kong Bar Association, due to a line stressing that all those who “administrate” Hong Kong—which appeared to include judges and judicial personnel—must be patriots and “loyal to the country”. Martin Lee, who was at the forefront of the lawyers’ protests, told us that this constituted a direct threat to the independence of Hong Kong’s judiciary.

47. We heard a range of views on whether the White Paper marked a shift in or tightening of Beijing’s policy towards Hong Kong. The “pan-democrat” legislators to whom we spoke characterised it as a warning from Beijing that Hong Kong’s autonomy was contingent on Beijing’s support and could be taken away if the Chinese government wished. This position was shared by many who submitted written evidence. Dr Margaret Ng, a prominent Hong Kong barrister and former legislator, wrote:

What [the White Paper] means is that the autonomy enjoyed by Hong Kong is not contained in the four corners of the Basic Law, but to be controlled by Beijing from day to day as it pleases. Autonomy is not to be exercised freely under the law interpreted by an independent judiciary, but as authorised by the central leadership who has the power to interpret the law as it considers politically expedient.

Jonathan Fenby, former editor of the South China Morning Post, said the White Paper formed part of a more general trend of Beijing asserting the prominence of “one country” over “two systems”, in line with the broader evolution of President Xi’s leadership of China. Others, however, suggested that the furore over the White Paper was a matter of misunderstanding and poor communication between two very different legal systems, and that the White Paper did not mark any practical change in Beijing’s attitude to “one country, two systems”.

48. The FCO’s six-monthly report on Hong Kong covering January to June 2014 summarised the contents of the White Paper and described the debate it sparked in Hong...
Kong, but conspicuously avoided expressing a view on the substance of the paper. The report covering the latter half of 2014 noted that debate over the White Paper had continued during the reporting period, but again did not take a position on the paper’s contents. This approach was criticised by Lord Patten, who told us that he thought the UK Government could have made clearer statements to the effect that the views expressed in the White Paper were “extremely unwise and not in line with what is meant by the rule of law.” In her written submission, Dr Ng said that the British Government had “either failed to understand” or “chosen not to understand” the real intent of the White Paper, which she argued was to tear up the Joint Declaration. Dr Tim Summers also criticised the FCO’s ambiguous response but from the opposite perspective, telling us that the Government was “fence-sitting” and should have said openly that the White Paper did not represent a change in Beijing’s policy or a threat to judicial independence in Hong Kong.

In its written evidence to this inquiry, the FCO “noted the assurances” by the Chinese and Hong Kong governments that the White Paper did not mark a change in policy, and stated: “It is the Government’s assessment that the White Paper has not undermined judicial independence or breached the 1984 Sino-British Joint Declaration”. We judge that the White Paper did not breach the letter of the Joint Declaration, but neither was it wholly consistent with the spirit of the treaty. The alarm that the White Paper engendered should not be brushed aside. There is widespread concern in Hong Kong that Beijing is tightening its grip on Hong Kong’s autonomy in ways both overt and subtle, and we consider that the White Paper constitutes further indication of that trend. This should have been more clearly acknowledged by the FCO in its statements on the White Paper and in the six-monthly reports.

The 31 August SCNPC decision on 2017 elections

On 31 August 2014, the Standing Committee of the National People’s Congress (SCNPC) issued its decision on methods for electing the Chief Executive in 2017. It reasserted that universal suffrage—allowing each individual to vote directly for his or her preferred candidate, choosing from a pre-determined list—would be introduced. It also, as expected, insisted on the role of a “broadly representative nominating committee”, the composition and formation method of which would be “made in accordance with” that of the Election Committee that had selected the Chief Executive in 2012. The decision limited the number of candidates to two or three, each requiring the endorsement of more than half of all members of the nominating committee. This provision represented a
significant deviation from the 2012 arrangements, when a candidate required only 150 votes out of 1200 to gain official nomination. Due to this high threshold, any candidate advocating significant democratic reform would be unlikely to obtain enough support to stand for election, so long as the 2017 Election Committee retained the “pro-Beijing” majority of the 2012 Committee.

51. We received a considerable volume of evidence arguing that the SCNPC’s decision was too restrictive and was not in line with how Beijing’s 2007 promise of universal suffrage was generally understood in Hong Kong. Anson Chan’s Hong Kong 2020 organisation said the decision gave Beijing “carte blanche to rig the outcome”, while one former legislator called it “a travesty… not even a half-way house to universal suffrage.”115 Professor Simon Young and Democratic Party leader Emily Lau told us that the proposals were more conservative and restrictive than people in Hong Kong, including the Hong Kong government, had expected.116 Many pro-democratic witnesses described Beijing’s commitment to universal suffrage in Hong Kong as a “promise” that had been broken by the SCNPC’s decision.117

52. We also received some evidence disagreeing with this point of view.118 Those who took this stance asserted that the SCNPC decision was fully compliant with the letter of Article 45 of the Basic Law, which does stipulate a role for a “broadly representative nominating committee.”119 But, as Dr Tim Summers told us, the “broken promise” narrative was very strong in Hong Kong, and had developed quickly.120 It was clear from this debate that the ambiguity built in to both the Joint Declaration and the Basic Law has facilitated the development of very divergent interpretations and expectations of the constitutional reform process in Hong Kong.

The UK’s response to the SCNPC decision

53. This divergence of expectations was also reflected in the evidence we received from British witnesses about the UK’s position on the pace of constitutional reform. Lord Patten said that the pace of democratisation in Hong Kong to date had been slower than anyone in the UK had expected at the time of the handover.121 Our predecessor Committees also repeatedly argued for a faster pace of democratic reform. In 1998, 2000 and 2006, they recommended that universal suffrage should be introduced in Hong Kong as soon as

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115 Hong Kong 2020 (HNG 0490) para 4.11; Margaret Ng (HNG 0477) para 21
116 Q160, 198
117 Q160, 180, 198, 201, 240; Human Rights Watch (HNG 0741) para 10; Hong Kong 2020 (HNG 0490) para 4.7; Yiu Shing Ching (and 290 others in similar petition) (HNG 0296) para 9
118 Q229; Alan Paul CMG (HNG 0618) para 28; London Chinatown Chinese Association (HNG 0750) paras 3a-c
119 The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, Chapter IV, Article 45
120 Q229
121 Q3
possible, and asked the FCO to urge the governments of Hong Kong and China to take
significant steps toward that goal.\footnote{Foreign Affairs Committee, Third Report of Session 1997-98, \textit{Hong Kong}, HC 710, paras 17-19; Foreign Affairs Committee, Tenth Report of Session 1999-2000, \textit{China}, HC 574-I, paras 158-160; Foreign Affairs Committee, Seventh Report of Session 2005-06, \textit{East Asia}, HC 860-I, paras 399-402} However, former FCO officials who had been involved
in negotiating the Joint Declaration indicated that the UK Government had not envisaged
that Hong Kong would necessarily enjoy a fully free and democratic political system 18
years after the handover.\footnote{Q286; Alan Paul CMG (HNG 0618) paras 8-14} Asked for his views on the pace of reform, the Minister of State
told us that he thought the process of democratisation would be a “slow, tortuous path”.\footnote{Q361}

54. On 4 September 2014, the FCO released a statement responding to the SCNPC
decision, “welcoming” the commitment to universal suffrage. Although the statement
recognised that the terms of the decision would “disappoint those who [were] arguing for a
more open nomination process”, it insisted that the detail of constitutional reform should
be decided by the governments of Hong Kong and China, as well as the people of Hong
Kong, in line with the Basic Law.\footnote{Q286; Alan Paul CMG (HNG 0618) paras 8-14} The statement said it was important that the people of
Hong Kong have a “genuine choice and a real stake in the outcome” of the Chief Executive
elections, but did not indicate whether the FCO considered the SCNPC decision to offer
either genuine choice or a real stake for voters. By contrast, the US State Department used
stronger language in expressing its views on the SCNPC’s decision. US Assistant Secretary
for East Asian and Pacific Affairs Daniel Russel told the Senate subcommittee on East
Asian and Pacific Affairs that the US government had been “disappointed” with the 31
August decision, adding that the decision “could and should have gone much further” in
allowing a more open nomination process.\footnote{United States Senate Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs, video of
hearing on 3 December 2014, \url{http://www.foreign.senate.gov/hearings/120314am}, accessed 19 January 2015}

55. The vast majority of submissions we received criticised the perceived meekness of the
UK’s response to the SCNPC decision, and called on the UK to stand up to Beijing to
support greater democratic reform in Hong Kong.\footnote{For example: Hong Kong Democratic Foundation (HNG 0385) paras 39-42; Alvin Y H Cheung (HNG 0270) paras 25-26; Hong Kong 2020 (HNG 0490) para 4.15; Paul Phillips (HNG 0491) para IV; Lee Faulkner (HNG 0570) para 4.3; Chan Sheung Man (HNG 0487) paras 19-20; Mavis Lung (and 177 others in similar petition) (HNG 0075) para 1} Human Rights Watch called the
FCO’s statement of 4 September “embarrassingly weak”, saying it was “palpably obvious”
that the decision did not offer genuine choice to the people of Hong Kong.\footnote{Qq362-70}

56. We invited the Minister of State and FCO officials to clarify how they defined the terms
“genuine choice”, “real stake in the outcome” and “universal suffrage”, but found their
responses evasive.\footnote{Qq362-70} The Minister told us that, in his view:

A genuine choice can mean something different from what we would regard
as a genuine choice and from what other democracies around the world
regard as a genuine choice [...] There is no exact template, but clearly choice is important. The first thing is universal suffrage—everyone can vote—and widening the levels of choice is another issue.130

After several rounds of questioning Stephen Lillie, Director of Asia Pacific at the FCO, admitted that the FCO does consider the terms of the SCNPC decision to offer “genuine choice” to the people of Hong Kong.131 In his foreword to the six-monthly report covering July to December 2014, the Foreign Secretary wrote that the parameters of the decision were “clearly more restrictive than many anticipated”, but said he believes “that there remains space within them for a meaningful step forward for democracy.”132

57. We agree with the FCO that the specific details of constitutional reform are for the governments of China and Hong Kong to decide together with the people of Hong Kong, but the UK can and should take a position on the overall pace and degree of democratic reform. We consider that the FCO has stopped some way short of expressing a clear view. Compared with previous selection methods for the Chief Executive, allowing every eligible Hong Kong citizen to cast a vote is an important step forward. We acknowledge that the precise meaning of the term “universal suffrage” is a matter for interpretation, and Article 45 of the Basic Law clearly states that the nominating committee must play a role in selecting candidates for election to the position of Chief Executive. But the people of Hong Kong cannot have confidence in a nominating committee with such a limited and unrepresentative composition, especially when candidates must secure the support of over half its members. We do not consider that the terms of the 31 August SCNPC decision offer “genuine choice” in any meaningful sense of the phrase, nor do we consider the decision consistent with the principle that Hong Kong should enjoy a high degree of autonomy. If the FCO is content with the SCNPC decision, it should make its views plain and avoid misleading language.

Student protests and Occupy Central

58. On 22 September 2014, the Hong Kong Federation of Students (HKFS) launched a week-long boycott of classes to protest against the 31 August SCNPC decision on electoral reform. This protest gathered momentum so quickly that Occupy Central announced that it would launch its own planned demonstration on Friday 28 September, rather than on 1 October as originally planned. This immediately brought tens of thousands of people to the streets. Later that evening, riot police fired tear gas on the protesters in an attempt to disperse the crowds. The numbers of protesters continued to grow, reaching well over

130 Qq362-63
131 Q371
100,000 during the first few days of October before beginning to dwindle.\textsuperscript{133} By Monday 6 October the crowds had reduced enough to allow many schools and offices to re-open, although the campaign continued.

59. Throughout the rest of October and most of November, hundreds of demonstrators remained camped out in makeshift tent cities on several key thoroughfares on Hong Kong Island and in Mong Kok. Formal talks between the Hong Kong government and five HKFS leaders took place on 21 October, but were widely seen as unsuccessful. Although public support for the protests was initially high, polls suggested that by the end of November a majority of Hong Kong people wanted the campaign to end.\textsuperscript{134} Several businesses and groups also won court injunctions requiring the demonstrators to move, although they refused to comply. From 26 November onwards, police began to clear out the major protest sites in line with the injunctions, beginning with Mong Kok. Hundreds of people were arrested over the following weeks—some more than once—although almost all were released without charge within the mandated 48-hour period. By the end of December all major protest sites had been cleared by the police, bringing the campaign to an end. However, there are likely to be more demonstrations in the coming months as debate over the electoral proposals continues. The first major rally since the end of the Occupy Campaign took place on 1 February, although turnout—estimated to have been between 8,000 and 13,000, depending on the source—was lower than organisers had anticipated.\textsuperscript{135} One of the leaders of the HKFS, Yvonne Leung, told us that her organisation is likely to stage further protests when the electoral package is sent to LegCo for consideration (expected to take place in summer 2015).\textsuperscript{136}

**The UK Government response to the protests**

60. The FCO issued a number of press releases and a written ministerial statement during the peak of the Occupy campaign in late September and early October, all of which contained the same messages, often repeated verbatim: that the FCO was monitoring the situation closely, that it was important to preserve the rights of Hong Kong people to demonstrate peacefully in accordance with the law, and that all parties should engage constructively in dialogue.\textsuperscript{137} The same statements about the protests, using identical language, were repeated in Parliament.\textsuperscript{138} On 22 October, Richard Graham MP secured a Westminster Hall debate on Hong Kong, during which many members expressed concern

\textsuperscript{133} 1 October is the National Day of the People’s Republic of China, and a public holiday in both Hong Kong and the Chinese mainland. It is also the start of a week-long holiday in China known as “Golden Week”, during which large numbers of tourists from the mainland typically visit Hong Kong to shop.

\textsuperscript{134} Shirley Zhao, “More than two-thirds say Occupiers should go home now as support wanes: poll”, South China Morning Post, 17 November 2014

\textsuperscript{135} Tony Cheung, Phila Siu, Ernest Kao and Samuel Chan, “Hong Kong democracy movement back on road, but turnout down”, South China Morning Post, 1 February 2015

\textsuperscript{136} Qq178-79

\textsuperscript{137} “Foreign Office monitoring events in Hong Kong”, Foreign and Commonwealth Office press release, 29 September 2014; “Foreign Office expresses concern about Hong Kong and welcomes offer of talks”, Foreign and Commonwealth Office press release, 2 October 2014; HC Deb, 13 October 2014, col 12W3 [written ministerial statement]

\textsuperscript{138} HC Deb, 22 October 2014, col 294WH. HC Deb, 2 December 2014, cols 205-206
about the protests and the prospects for democratic reform. Mr Graham also asked the Minister of State to explain why it took so long for the Government to produce a written ministerial statement setting out the Government’s position on the protests. In response, Mr Swire said that the UK had been “addressing this all year”, and added that the UK was monitoring events closely and was “raising Hong Kong at senior levels through official channels in Beijing, Hong Kong and London”. Mr Swire delivered the same message again on 2 December, in response to an Emergency Debate on China’s decision to bar us from entering Hong Kong in connection with this inquiry.

61. Many of our witnesses were highly critical of the UK Government’s response to the Occupy protests, saying that it had not gone far enough in supporting the demonstrators. Lord Patten said that the Government’s failure to give the protesters the “support they think they deserve” had potentially made the debate more difficult to resolve, by making the protesters feel as though they were backed into a corner. Democratic Party leader Emily Lau, Civic Party leader Alan Leung, activist Avery Ng and student leader Yvonne Leung all told us they felt the UK Government had a special responsibility to speak up for democracy in Hong Kong, but said it was not honouring that responsibility. This message was also delivered by two representatives of a small group of student demonstrators who camped in front of the UK Consulate-General in Hong Kong throughout the protests, asking the UK to take stronger action to support the pro-democratic movement.

62. This was not, however, a unanimous view. Some academics and business leaders said that the UK Government had largely struck the correct balance in responding to the protests, particularly given Beijing’s sensitivity toward what it perceives as interference by a former colonial power. Dr Tim Summers, for example, emphasised that it was not the UK’s place to become too involved in local debates so long as the Joint Declaration had not been breached. Duncan Innes-Ker, an analyst at the Economist Intelligence Unit, and Lord Powell of Bayswater, representing the Hong Kong Association, suggested that more vocal UK Government support for the protests would have little effect, and might make the Chinese government less rather than more inclined to offer compromises on the electoral process. Professor Simon Young, a Hong Kong-based lawyer and academic, said that it was “probably wise not to say too much” in support of the protesters, given the Chinese government’s allegations of foreign involvement in the demonstrations. FCO officials implied that they had taken into account this consideration in formulating the FCO’s

139 HC Deb, 22 October 2014, col 279WH
140 HC Deb, 22 October 2014, col 294WH
141 HC Deb, 2 December 2014, cols 205-206
142 Q25
143 Qq127, 186, 204, 219, 254
144 Qq129-33
145 Qq99, 167, 234-46, 298-99
146 Q234
147 Qq167-68, 277, 295-97
148 Q167
response to the protests. They also told us that the FCO was not prepared to support all of the protesters’ demands, as some groups (including the Hong Kong Federation of Students) had called for the resignation of Chief Executive C Y Leung.

63. The FCO and UK Government had to strike a careful tone in responding to the recent protest movement in Hong Kong, taking into account the potential unintended effects their statements might have had on a volatile situation. On the whole we consider the FCO’s response to have been appropriate and well-balanced, and we especially welcome their support for the right of Hong Kong people to demonstrate peacefully. At the same time, we acknowledge that many of the demonstrators were disappointed by what they perceived as equivocal language and a lack of support from the UK.

Prospects for electoral reform in 2017 and thereafter

64. On 7 January 2015 the Hong Kong government announced the launch of a second round of public consultation on aspects of the 2017 electoral package. The consultation document included questions relating to the specific composition of the nominating committee, as well as a proposal for the introduction of a two-stage process for nominating candidates for Chief Executive (potentially with a lower threshold of entry than that needed for the final nomination phase). The Minister of State and FCO officials were positive about the potential for this round of consultation to produce a compromise solution that would “improve” the level of democracy on offer for the 2017 election. The FCO reiterated this stance in the six-monthly report covering July to December 2014, stating that it continued to take the view that there was scope within the parameters of the SCNPC decision “for a consensus that will deliver a meaningful advance for democracy in Hong Kong, consistent with the Basic Law and the long-standing wishes of the Hong Kong people.”

65. In our judgment, this confidence may be misplaced. Professor Simon Young told us in December that he thought there was still scope to develop arrangements consistent with the idea of universal suffrage, but said his position was probably a minority view and would require both sides to be willing to compromise. Emily Lau, leader of the Democratic Party in LegCo, meanwhile said that her party intended to boycott the consultation as they believed it would not lead to anything meaningful. The consultation document published by the Hong Kong government was considered quite conservative, signalling the authorities’ unwillingness to consider significant reforms that might win over the “pan-
The document emphasised that any reforms to the nominating committee would need to obtain widespread support from the mostly “pro-Beijing” sub-sectors already represented, indicating that proposals to make the committee more representative could be rejected due to lack of support from those invested in the maintenance of the status quo. A poll of 1,018 people conducted by the University of Hong Kong in January 2015 showed that 35% were unhappy with the proposals laid out in the document (versus 22% who said they were satisfied). 43% of respondents said that the proposals would mean “fake universal suffrage.” Another poll commissioned by the South China Morning Post, the largest English-language newspaper in Hong Kong, showed approximately 46% of the 907 respondents wanting LegCo to reject the electoral proposal. At the time of this report’s consideration, there is considerable doubt as to whether the proposals will be passed.

The FCO has not made any official statement urging LegCo to pass the electoral package for 2017. However, the Minister of State seemed to take this position in evidence to the Committee. He said:

My view is that LegCo need to ask themselves, if they do not get any move on the status quo, if they do not get any improvement on what is on the table now, are they better endorsing what is on the table? Does that take them further down the road toward democracy or not? My answer would be pretty simple: if they do not endorse the proposals on the table now, or those that may be on the table in a few months’ time, after this period of consultation, then the status quo applies; then, you will have a Chief Executive elected in 2017 by the existing nomination committee of 1,200, which is not, I would suggest, as democratic as it could be, and that’s an understatement; and you will not have universal suffrage—the ultimate goal for LegCo—in 2020. So you have to ask yourself: does that take us further down the road towards representative, understandable, transparent democracy, or not? I think it answers itself.

Later, the Minister added that many “pan-democratic” legislators privately recognise “that something is better than nothing”, and that although the proposals “may not be pure or perfect”, they did represent “a genuine improvement on the status quo.” This statement was reported in the South China Morning Post as a clear endorsement of the reform.

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155 Simon Denyer, “Hong Kong begins ‘public consultations’ on reform, but signals intransigence”, Washington Post, 7 January 2015
156 Simon Young, “Pan-democrats must seek talks, as a veto is likely to serve Beijing’s interests most”, South China Morning Post, 15 January 2015
157 Tony Cheung, “35pc of respondents in Hong Kong poll ‘unhappy’ with government’s political reform proposals”, South China Morning Post, 26 January 2015
158 Gary Cheung and Peter So, “Almost half of Hongkongers want lawmakers to vote down Beijing’s electoral reforms: SCMP poll”, South China Morning Post, 27 January 2015
159 Q353
160 Q364
proposals. In his foreword to the six-monthly report for July to December 2014, the Foreign Secretary similarly appeared to imply that the “pan-democrats” should accept the electoral package, stating:

I hope that the Hong Kong SAR Government and legislators can work together to achieve a consensus that is acceptable to the people of Hong Kong, so paving the way for approval of electoral reforms in 2015.

The FCO repeatedly emphasised to us that it viewed the electoral package for 2017 as part of a longer-term process toward greater democracy rather than as a “final destination”, although neither the Hong Kong government nor Beijing have thus far outlined concrete plans to implement further reform after 2020. The Minister also suggested that the UK was bringing different groups together in the Consulate-General in Hong Kong to discuss political and constitutional issues. He later added that the UK was good at “bringing people together to get them to discuss matters” and that this was a role the UK continued to play.

67. We were surprised that the Minister of State said the UK was bringing different sides of Hong Kong’s constitutional debate together in the Consulate-General. If this is the case, in its response to this report the FCO should list the groups or individuals who attended these discussions and explain why it considers this to be an advisable role for the UK to play. We broadly agree with the Minister of State’s view that even gradual progress toward more democratic electoral arrangements is preferable to the status quo. Should the current electoral proposals stand, we recommend that the FCO press the authorities in Hong Kong and Beijing to lay out specific proposals and a timetable for further democratic reform after 2017 and 2020.

161 Danny Lee, “It’s better than nothing: British Foreign Office backs Beijing’s reform framework for Hong Kong”, South China Morning Post, 14 January 2015
163 Q373, 376-77
164 According to the Basic Law, the introduction of universal suffrage for LegCo elections can only take place after it has already been implemented for electing the Chief Executive. If the current proposed reforms fail, universal suffrage for LegCo elections could not be introduced until 2024 at the earliest (with the next election for CE after 2017 due to be held in 2022).
165 Q340
166 Q384
6 Basic rights and freedoms

Concerns about erosion of rights

68. The Joint Declaration pledged that the social and economic systems of Hong Kong, as well as its “life-style”, would remain unchanged after its return to China. This included the preservation of rights and freedoms that did not apply to the same degree on the Chinese mainland, including:

[Rights] of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of strike, of choice of occupation, of academic research and of religious belief.167

These rights are further elaborated in Chapter III of the Basic Law. Along with the maintenance of the rule of law and judicial independence, the preservation of rights and freedoms is central to the premise and implementation of “one country, two systems”.

69. The FCO’s six-monthly reports have consistently concluded that these rights and freedoms remain intact and respected by the authorities. The reports have also detailed concerns raised by people in Hong Kong—occasionally shared by the FCO—about potential threats to those rights. The report covering January to June 2014 stated:

Throughout the reporting period, the people of Hong Kong continued to exercise their basic rights and freedoms. In our last report we noted that concerns had been raised over threats to press freedoms and freedom of expression. These concerns continued to be raised throughout the current reporting period.168

The report covering July to December 2014 did not include a similar overarching statement, but said that the UK Government “will continue to press for the rights and freedoms enshrined in the Basic Law and Joint Declaration to be respected.”169

70. We received a large number of submissions claiming that basic rights and freedoms in Hong Kong were being eroded. Although the submissions covered a wide range of issues, in general the two main areas of complaint were freedom of assembly and freedom of speech and the press.170 The widespread public concern about the preservation of these

167 Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the Question of Hong Kong, para 3.5
170 For example, Paul Phillips (HNG 0491) para II.e; Patrick Muook Bill Chow (HNG 0389) paras 3-10; Chan Sheung Man (HNG 0487) paras 5-6; Asia Public Affairs and Social Services Society, University of Manchester (HNG 0549) paras 7-12; Human Rights Watch (HNG 0741) Summary and paras 2-4; Mavis Lung (and 177 others in similar petition) (HNG 0075) para II.3; Yiu Shing Ching (and 290 others in similar petition) (HNG 0296) paras 17-33; Kyle Chan (and 78 others in similar petition) (HNG 0498) para 2
freedoms is reflected in the structure of the six-monthly reports, almost all of which have included both a section on press freedom and a section detailing the marches and demonstrations that have taken place during the reporting period.

**Freedom of assembly**

71. Marches and demonstrations are frequent in Hong Kong. Major rallies are staged annually on several dates throughout the year, including New Year’s Day, 1 May, 4 June (commemorating the anniversary of the Tiananmen Square crackdown), 1 July (the date of the handover), and 1 October (China’s National Day). Many of these rallies draw crowds in the tens and sometimes hundreds of thousands, and usually include marches organised by both “pro-democratic” and “pro-Beijing” groups. There are also demonstrations on a regular basis relating to a range of additional issues. In 2013, for example, the FCO reported that in addition to the large annual demonstrations there was a strike and demonstration by the Union of Hong Kong Dock Workers, a march against the government’s property market cooling measures, a series of rallies outside government offices protesting against a government decision on television broadcasting licenses, and a record number of people marching in the Pride parade to demand equal rights for sexual minorities.171 Coupled with the more recent example of the Occupy Central campaign, during which demonstrators blocked several major thoroughfares for up to ten weeks, it is clear that Hong Kong’s tradition of mass protest remains vibrant.

**The Occupy Central campaign**

72. With the exception of a few incidents including the smashing of a glass wall on the LegCo building, the Occupy demonstrations were widely reported to be peaceful and orderly. However, we heard some disquieting evidence about the conduct of the police during the campaign, particularly as the Hong Kong police are generally known for their exemplary handling of large rallies. As the international media widely reported, on 28 September police fired tear gas canisters into the crowds in an attempt to disperse the demonstrators. Although the police quickly backed down after a public backlash, they were later reported in the press to have used pepper spray and batons against demonstrators who refused to leave during the clear-out of the major protest sites.172 Democratic activist Avery Ng—who was arrested multiple times during the campaign—told us that he had been beaten by the police, and other demonstrators sent us video footage of police beating protesters.173 We also heard that the police had turned a blind eye to violent attacks on

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172 Chris Lau, Ernest Kao, Timmy Sung and Samuel Chan, *Police fire pepper spray as 80 protesters arrested after Mong Kok clearance*, South China Morning Post, 25 November 2014

173 Qq126, 247-50
protesters in the Mong Kok area, which activists claimed were carried out by Triad groups.\textsuperscript{174}

73. Although close to 1,000 arrests were made during the course of the Occupy protests, the vast majority of people detained were released without charge. However, Avery Ng told us in December that the police were likely to build cases against protest leaders slowly, and would charge them at a later date.\textsuperscript{175} Since January 2015 several of the major protest leaders, including the founders of Occupy Central and 18-year-old student leader Joshua Wong, have been summoned to police stations to be shown video clips and articles that the police say will be used to build a case against them.\textsuperscript{176}

74. The day after the police fired tear gas at the demonstrators, the FCO released a statement insisting that it was important for Hong Kong to preserve the right to demonstrate and for people to exercise that right within the law.\textsuperscript{177} On 2 October it issued a very similar press release which welcomed a statement by the Hong Kong police force that it would “exercise maximum tolerance”.\textsuperscript{178} The FCO’s rhetoric was less urgent than that of the Deputy Prime Minister, who on 30 September said that he was “extremely concerned” about events in Hong Kong and requested an urgent meeting with the Chinese Ambassador.\textsuperscript{179} In January 2015, after the campaign had come to an end, the FCO told us it considered the law enforcement response to Occupy Central to have been “proportionate” and that proper judicial process had been followed with respect to investigating the “small number of incidents [of police action] that do appear to have been disproportionate.”\textsuperscript{180} The six-monthly report for July to December 2014 further elaborated on this point in an unusually direct way, stating:

\begin{quote}
HM Government’s view is that the Hong Kong Police’s use of tear gas was an unwelcome but uncharacteristic response at an early stage of the protests, and was not indicative of a wider pattern of behaviour. Following that incident, the Hong Kong Police generally approached the protests carefully and proportionately. There were other isolated incidents of concern but we welcome the Hong Kong authorities’ commitment to investigate all complaints received.\textsuperscript{181}
\end{quote}

\begin{footnotes}
\item[174] Q120; Patrick Muook Bill Chow (HNG 0389) para 6; Tom Phillips, “\textit{Triads’ behind spike in Hong Kong protest violence, activist claims}”, The Telegraph, 19 October 2014
\item[175] Q249
\item[176] For example, Joyce Ng, “\textit{Police evidence against Occupy Central leaders found amusing}”, South China Morning Post, 25 January 2015
\item[177] “\textit{Foreign Office monitoring events in Hong Kong}”, Foreign and Commonwealth Office press release, 29 September 2014
\item[178] “\textit{Foreign Office expresses concern about Hong Kong and welcomes offer of talks}”, Foreign and Commonwealth Office press release, 2 October 2014
\item[179] “\textit{Deputy Prime Minister requests urgent meeting with Chinese Ambassador}”, Deputy Prime Minister’s Office press release, 30 September 2014
\item[180] Q357
\item[181] Foreign and Commonwealth Office, \textit{The Six-monthly Report on Hong Kong: 1 July to 31 December 2014}, February 2015, p 11
\end{footnotes}
75. Freedom of assembly is a fundamental right guaranteed in the Joint Declaration. Although we recognise that the Occupy campaign brought considerable disruption to Hong Kong, the largely peaceful and orderly character of the protests should be commended. We were concerned by reports of police using excessive force, particularly when clearing the protest sites. The FCO should encourage the Hong Kong authorities to investigate and prosecute incidents of alleged police brutality in accordance with the law, and should closely monitor and report on these investigations in the six-monthly reports. It is also important that those who exercised their right to peaceful protest are not subsequently punished or put under undue pressure by the police and authorities. We call on the FCO to be vigilant in monitoring the future treatment of the protest leaders, to raise any concerns that may arise with the Hong Kong government, and to include details of any conversations with the Hong Kong government on this issue in the six-monthly reports.

**Freedom of the press**

76. The perceived erosion of press freedom in Hong Kong was a major and persistent theme in the evidence that we heard. The Hong Kong Journalists’ Association (HKJA) told us that 2014 marked the “darkest moment of Hong Kong’s press freedom”, when Hong Kong fell to a record low of 61 on the annual ranking of global press freedom compiled by Reporters Without Borders.182 In general, witnesses told us that although press freedom remains protected by law in Hong Kong, it has increasingly been undermined in practice.183

77. We were very concerned by reports of violence against journalists known for having critical stances toward Beijing. Legislator Emily Lau told us that there had been at least 12 to 15 incidents of serious violence against journalists in the past five to ten years, and noted that the failure of the Hong Kong authorities to solve many of these crimes sent a message that those who attacked journalists would not be punished.184 In 2013, according to the HKJA, the owner of the newspaper *am730*, the publisher of *iSunAffairs*, and the chairman of Next Media were all also subject to violent attacks.185 In February 2014, Kevin Lau, former Editor-in-chief of the daily *Ming Pao*, was nearly murdered in a brutal machete attack. A month later, two senior figures from the Hong Kong Morning News Media Group were beaten with metal bars, causing them to shelve plans for the launch of a new local newspaper.186 These attacks prompted the Press Coalition Against Violence to organise a rally in March 2014, which was attended by several thousand people.187

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182 Hong Kong Journalists Association (HNG 0629) para 4
183 Paul Phillips (HNG 0491) para II.e; The Professional Commons (HNG 0727) para 5; Kyle Chan (and 78 others in similar petition) (HNG 0498) para 2; Human Rights Watch (HNG 0741) Summary; Hong Kong 2020 (HNG 0490) para 1.1
184 Q202
185 Hong Kong Journalists Association (HNG 0629) paras 19-24
187 Hong Kong Journalists Association (HNG 0629) para 24; Foreign and Commonwealth Office, *The Six-monthly Report on Hong Kong: 1 January to 30 June 2014*, July 2014, p 13. The HKJA put the number of people attending the rally at 13,000, but the FCO noted that the police had put the figure at 8,600.
Witnesses from the Foreign Correspondents Club in Hong Kong told us that a climate was developing in which journalists who openly criticised China were being singled out for such attacks.\textsuperscript{188} Similarly, student activist Hui Sin Tung said: “A common citizen like me cannot directly attribute such incidents to the political agenda or policy of the Chinese government, but we can feel the chill on the media from what we read in newspapers, see on television or browse on the internet.”\textsuperscript{189}

78. Several witnesses told us that self-censorship—decisions by media owners, editors or individual journalists to edit or avoid publishing material critical of Beijing—has become widespread in Hong Kong. The HKJA listed examples of interference by editors including the alteration of a column in the \textit{Hong Kong Economic Journal} asking the government to investigate corruption in TV licensing, a last-minute change to a headline in \textit{Ming Pao} relating to annual 1 July demonstrations, and the trimming of an article in the \textit{South China Morning Post} on the suspicious death of a Tiananmen Square activist.\textsuperscript{190} We also heard that journalists in the newsroom of the TVB television station circulated a petition protesting against heavy-handed editing of their coverage of Occupy Central, specifically relating to police mistreatment of journalists.\textsuperscript{191} According to the HKJA, many journalists in Hong Kong have complained about last-minute removal of negative stories about the Hong Kong and Chinese governments, as well as blacklisting of academics considered to be “too liberal”, but none would speak on the record about these issues for fear of losing their jobs.\textsuperscript{192} Self-censorship is by nature a difficult allegation to prove and is thus a difficult phenomenon to counteract, but we agree with Jonathan Fenby, former editor of the \textit{South China Morning Post}, who described it as potentially “very corrosive” to the overall media climate in Hong Kong.\textsuperscript{193}

79. Commercial interests appear to be responsible for some of this alleged pressure on journalists and editors. This can be in the form of pressure from advertisers; for example, we heard that in 2014 major firms including HSBC, Standard Chartered, the Hang Seng Bank and the Bank of East Asia had pulled all advertising from the outspoken anti-Beijing \textit{Apple Daily} newspaper.\textsuperscript{194} It also derives from media owners. According to the HKJS, the vast majority of Hong Kong media owners have business interests in mainland China, and over half have been appointed to the National People’s Congress or the Chinese People’s Political Consultative Conference.\textsuperscript{195} Several witnesses agreed that pressure from media owners was a major factor in pushing journalists to self-censor, and that this pressure had

\begin{itemize}
  \item \textsuperscript{188} Q137
  \item \textsuperscript{189} Q122
  \item \textsuperscript{190} Hong Kong Journalists Association (\textit{HNG 0629}) para 17
  \item \textsuperscript{191} Q137
  \item \textsuperscript{192} Hong Kong Journalists Association (\textit{HNG 0629}) para 18
  \item \textsuperscript{193} Q92
  \item \textsuperscript{194} Hong Kong Journalists Association (\textit{HNG 0629}) para 27; Yiu Shing Ching (and 290 others in similar petition) (\textit{HNG 0296}) para 33; Foreign and Commonwealth Office, \textit{The Six-monthly Report on Hong Kong: 1 January to 30 June 2014}, July 2014, p 13
  \item \textsuperscript{195} Hong Kong Journalists Association (\textit{HNG 0629}) para 8
\end{itemize}
increased over the last 15 years along with China’s economic power.\textsuperscript{196} While we recognise that media owners exert influence on editorial content all over the world, this represents a special and worrying case. Given the close relationship between business and political interests on mainland China, the increasing influence of these interests in controlling Hong Kong’s media could seriously undermine “one country, two systems”.

80. The Hong Kong government has consistently condemned attacks on journalists, and in April 2014 Chief Executive C Y Leung insisted that his government was committed to maintaining press freedom as a “cornerstone of a free society”.\textsuperscript{197} However, the HKJA wrote that the Hong Kong government had used its power to issue or renew broadcasting licences as a way to avoid diversifying the media market, and in one case, allegedly, to force the resignation of a radio show host with outspoken anti-Beijing views.\textsuperscript{198} Since the end of the Occupy movement, there has also been some discussion in Hong Kong and Beijing about renewing the attempt to fulfil the provisions of Article 23 of the Basic Law, which requires Hong Kong SAR to enact legislation to prohibit “any act of treason, secession, sedition [or] subversion” against the Chinese Government.\textsuperscript{199} Any attempt to re-introduce this legislation would constitute a grave threat to freedom of expression in Hong Kong, and we welcome reports that Chief Executive C Y Leung has no plans to enact Article 23 legislation during his current term of office.\textsuperscript{200}

\textbf{FCO reporting on press freedom}

81. The FCO has consistently recorded allegations and debates about the deterioration of press freedom in the six-monthly reports, although it has not always expressed concern of its own. Both of the reports for 2012 stated that the UK Government was “concerned” about the alleged deterioration in press freedom, but the language in subsequent reports has sometimes been less direct, saying that the UK “takes seriously” and “takes note of” the concerns expressed by people in Hong Kong. President of the Foreign Correspondents Club Jitendra Joshi was somewhat critical of the tone of the reports, saying that some journalists felt the UK was not speaking out forcefully enough in defence of press freedom.\textsuperscript{201} However, Jonathan Fenby took a more sympathetic view of the FCO’s reporting, in recognition of the difficulty inherent in proving allegations of self-censorship.\textsuperscript{202} The Minister told us that the FCO is indeed “very concerned” about reports

\textsuperscript{196} Qq91, 139  
\textsuperscript{198} Hong Kong Journalists Association (HNG 0629) paras 28-30  
\textsuperscript{199} The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, \textit{Chapter II}, Article 23. Legislation to enact Article 23 was introduced in 2002, but failed after prompting mass protests which led ultimately to the resignation of Chief Executive C H Tung. The FCO also expressed serious concerns about the legislation, amidst concerns that it would have infringed on the right to freedom of speech and of the press.  
\textsuperscript{200} Tong Cheung, Peter So and Stuart Lau, “National security laws have place in Hong Kong, says former Chief Executive Tung Chee-hwa”, South China Morning Post, 20 January 2015  
\textsuperscript{201} Q146  
\textsuperscript{202} Q92
that Hong Kong’s press freedom is under threat. He said that he had raised those concerns with the head of the Hong Kong and Macao Office in Beijing, and would continue to raise them with the Hong Kong government. This was further reflected in the most recent six-monthly report for July to December 2014, which included a substantial section on perceived threats to press freedom and highlighted it as “the most prominent” area of concern for the FCO. We welcome the FCO’s strong statements on the UK Government’s commitment to press freedom in Hong Kong, but remain very concerned about the ongoing erosion of this fundamental right. A free press is essential to the functioning of a free society and a crucial pillar upholding Hong Kong’s high degree of autonomy.

82. We recommend that the FCO continue to raise the issue of press freedom privately with the Hong Kong authorities and the Chinese government, making clear that the UK takes press freedom seriously as a right guaranteed by the Joint Declaration. We also recommend that the FCO express its concerns more robustly in the six-monthly reports and in public statements, to support journalists in Hong Kong who may face censorship, losing their jobs and even violent attacks for attempting to exercise their rights under the Basic Law, and to ensure a climate of impunity does not evolve.

203 Q359
204 Qq358-359
The future of “one country, two systems”

Perceptions of the erosion of Hong Kong’s autonomy

83. “One country, two systems” was an elegant compromise that has brought great success to Hong Kong SAR since 1997. However, there is clearly a strong feeling amongst some people in Hong Kong that “one country” is increasingly infringing on “two systems.” Of the several hundred submissions we received in response to our call for evidence, the vast majority were from individuals in Hong Kong worried about the perceived erosion of the Special Administrative Region’s autonomy. As leader of the Democratic Party Emily Lau told us, “people just think that things are not going in the right direction.”

84. Perceived clashes between the political structures and cultures of China and Hong Kong formed a major strand of these submissions. The restrictive terms of the SCNPC’s decision on the method for electing the Chief Executive in 2017 were cited almost across the board as evidence that China was unwilling to grant Hong Kong the “high degree of autonomy” promised in the Joint Declaration and Basic Law. Some written submissions also alleged that the Chinese government and its liaison office in Hong Kong have been interfering directly in Hong Kong’s affairs, for example by lobbying members of the Election Committee during elections for Chief Executive. Even where submissions stopped short of accusing China of direct intervention in Hong Kong, there was a general sense that Hong Kong’s government was too willing to allow China to dictate policy. Human Rights Watch summarised this argument when it said that many people feel that Hong Kong’s leadership “is adopting policies that reflect China’s interests while ignoring the opinions, needs, and rights of ordinary Hong Kong people.”

85. The other major concern raised in many submissions related to social and demographic changes thought to be making Hong Kong more “Chinese”, thus threatening Hong Kong’s cultural identity. These included concerns about the increasing use of Putonghua (Mandarin Chinese) as a medium of instruction in schools, rather than the
Cantonese language native to Hong Kong.\textsuperscript{212} Many submissions also argued that high rates of immigration and tourism from mainland China were changing or threatening Hong Kong’s cultural identity and social fabric.\textsuperscript{213} According to Dr Malte Kaeding, an academic expert on social movements and identity in Hong Kong, recent years have seen the emergence of a particular “Hong Kong identity” in reaction to this fear of the alleged “mainlandisation” of Hong Kong.\textsuperscript{214} This identity, which Dr Kaeding says is especially prominent among young people, emphasises Hong Kong’s distinctiveness from mainland Chinese people and culture.\textsuperscript{215} Dr Kaeding’s research indicated that this “social polarisation” was one factor contributing to the rise of new “pan-democratic” parties and movements advocating more radical and confrontational approaches to democratic reforms than established organisations like the Democratic Party.\textsuperscript{216}

86. The depth of concern in Hong Kong about potential threats to its autonomy should not be dismissed. However, it can also be taken as an indication of the vigilance and robustness with which Hong Kong people continue to monitor and defend “one country, two systems”. For example, Human Rights Watch cited the proposed introduction of a “national education” curriculum in schools, similar to “mainland educational propaganda”, as evidence of a China-backed policy aimed at undermining Hong Kong’s autonomy and identity.\textsuperscript{217} Yet these proposals were shelved in 2012, after widespread public opposition and protests led by then 15-year-old student Joshua Wong. As Dr Tim Summers told us, this case could be perceived as showing “two systems” pushing back effectively against the expansion of the scope of “one country”.\textsuperscript{218} This view was echoed by the Foreign Secretary in his foreword to the six-monthly report covering July to December 2014, where he wrote: “the scrutiny and debate wherever [Hong Kong’s] autonomy is perceived to be under threat is itself perhaps the greatest testament to the power and resilience” of the “one country, two systems” concept.\textsuperscript{219}

87. The belief that China is eroding Hong Kong’s autonomy is strongly held by many people in Hong Kong, reflecting an intertwined combination of legal and political developments and questions of changing identity, language and culture. These complex issues are key to understanding the context of developments in Hong Kong, and the FCO’s reporting should reflect these nuances of public opinion more accurately as part

\textsuperscript{212} Qq121-122; Hin-wah Leung (HNG 0614) para 23; Chan Sheung Man (HNG 0487) para 2; Paul Phillips (HNG 0491) para II.d.7; Chan Sheung Man (HNG 0487) paras 14-15; Yiu Shing Ching (and 290 others in similar petition) (HNG 0296) para 38
\textsuperscript{213} Mavis Lung (and 177 others in similar petition) (HNG 0075) para II.4; Yiu Shing Ching (and 290 others in similar petition) (HNG 0296) para 4; Kyle Chan (and 78 others in similar petition) (HNG 0498) para 1.b. Although immigration generally is a matter for Hong Kong’s government under the Basic Law, migration from mainland China to Hong Kong is controlled and managed by Beijing.
\textsuperscript{214} Malte Kaeding (HNG 0707) para 3
\textsuperscript{215} Malte Kaeding (HNG 0707) para 4, Q105
\textsuperscript{216} Malte Kaeding (HNG 0707) para 2
\textsuperscript{217} Human Rights Watch (HNG 0741) para 13
\textsuperscript{218} Tim Summers (HNG 0602) para 17
\textsuperscript{219} Foreign and Commonwealth Office, The Six-monthly Report on Hong Kong: 1 July to 31 December 2014, February 2015, p 3
of its overall assessment of the functioning of “one country, two systems” in the six-monthly reports.

**Hong Kong’s political and economic future**

88. The increasing strain on “one country, two systems” has been most acutely demonstrated during recent and ongoing debates over political and constitutional reform. As polarisation deepens in the run-up to LegCo’s consideration of the electoral package for 2017, concerns are mounting that Hong Kong is facing a potential crisis of governance. Without the public confidence conferred by a mandate from the electorate, Hong Kong’s government may find it increasingly difficult to make and implement tough decisions needed to maintain Hong Kong’s stability and prosperity.220

89. The demand for greater democracy in Hong Kong is more than an abstract concern: it reflects the understandable desire of Hong Kong’s people to have an accountable government that responds to their needs and interests. The status quo is not sustainable in the long term, and if the current constitutional stalemate continues it could soon threaten the open business climate and stability that underpins Hong Kong’s enviable prosperity and growth. In our view, this tension can only be resolved by meaningful progress toward democracy, guided by a transparent process in line with the Basic Law, in which both the Hong Kong people and the Chinese government can have confidence.

**The UK Government’s handling of UK-Hong Kong relations**

90. 30 years after the signing of the Sino-British Joint Declaration, the UK retains an enduring commitment to the Hong Kong Special Administrative Region. Hong Kong is one of the UK’s most important partners in Asia, home to some 250,000 UK citizens and a further 3.4 million British nationals (overseas). It is clear to us that many people believe the UK has a special responsibility to defend the distinct legal, social and economic systems that constitute its legacy in Hong Kong. Although the governments of China and Hong Kong SAR may downplay the UK’s obligations toward Hong Kong, we are satisfied that the FCO has been firm in its commitment to monitor and uphold the Joint Declaration.221

91. We encountered a perception in some submissions and among witnesses that the UK Government is overly cautious in public statements on issues relating to Hong Kong, in order to avoid upsetting trade and investment relations with China.222 This belief is clearly both pervasive and damaging to the UK’s reputation in Hong Kong, which is in its own right an important partner for the UK Government and UK businesses. We consider that this perception has been exacerbated by the FCO’s lack of clarity in stating its expectations

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220 Q300
221 Q337; Hong Kong Government News, “LCQS: The Joint Declaration on the Question of Hong Kong”, [Press Release](17 December 2014)
222 Qq21, 84, 193, 206; Hong Kong 2020 (HNG 0490) para 4.15; Deryck Y K Chan (HNG 0473) para 23; Paul Phillips (HNG 0491) para IV.h
for the constitutional reform process, and also by its decision not to summon the Chinese Ambassador to the UK after his government denied us entry into Hong Kong. The Minister of State assured us that the UK’s relationship with China is “extremely good at the moment” and that the UK is a “genuine partner for China”.223

92. We are concerned that the FCO’s lack of clarity in expressing its views on political and constitutional developments in Hong Kong may be damaging the UK’s reputation there. We welcome, however, the FCO’s emphasis on building a genuine partnership between the UK and China. A strong relationship should enable the UK and China to exchange views on Hong Kong’s political and constitutional development openly and in a spirit of cooperation, even where they may disagree. A democratic, stable and prosperous Hong Kong is good for the people of Hong Kong SAR, good for China, and good for the UK. Britain has an enduring moral responsibility to see that Hong Kong achieves this goal and to ensure that the principles, legal obligations and spirit of the Joint Declaration remain as respected today as they were in 1984 and 1997.
Formal Minutes

Tuesday 3 March 2015

Members present:

Sir Richard Ottaway, in the Chair

Mr John Baron
Sir Menzies Campbell
Ann Clwyd

Mike Gapes
Sir John Stanley

Draft Report (The UK’s relations with Hong Kong: 30 years after the Joint Declaration), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 15 read and agreed to.

Paragraph 16 read, amended and agreed to.

Paragraphs 17 to 48 read and agreed to.

Paragraph 49 read, amended and agreed to.

Paragraphs 50 to 56 read and agreed to.

Paragraph 57 read, amended and agreed to.

Paragraphs 58 to 81 read and agreed to.

Paragraph 82 read, amended and agreed to.

Paragraphs 83 to 91 read and agreed to.

Summary read, amended and agreed to.

Resolved, That the Report, as amended, be the Tenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That written evidence be reported to the House for publication on the internet:

Letter of 22 January 2015 from the Rt Hon Hugo Swire MP, Minister of State, Foreign and Commonwealth Office (HNG 0772)

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 9 March at 4.00 pm]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/facom.

**Tuesday 4 November 2014**

**Lord Patten of Barnes CH,** former British Governor of Hong Kong  
**Professor Niv Horesh,** Professor of the Modern History of China and Director of the China Policy Institute, University of Nottingham, and  
**Dr Malte Philipp Kaeding,** Lecturer in International Relations, University of Surrey

**Tuesday 16 December 2014**

**Caroline Wilson,** Consul General to Hong Kong, on behalf of UKTI, Hong Kong, and  
**Frances Moffett-Kouadio,** Trade Commissioner, UKTI, Hong Kong

**Tuesday 16 December 2014**

**Jonathan Fenby CBE,** former editor of the South China Morning Post

**Tang Chi Tak,** Student, Chinese University of Hong Kong, and  
**Hui Sin Tang,** Student, University of Hong Kong

**Wednesday 17 December 2014**

**Jitendra Joshi,** President, Foreign Correspondents Club in Hong Kong, and  
**Francis Moriarty,** Chairman, Press Freedom Committee, FCC in Hong Kong

**Alan Lung,** Chairman, Hong Kong Democratic Foundation, and  
**Professor Simon Young,** Hong Kong University Faculty of Law

**Yvonne Leung,** Hong Kong Federation of Students

**Thursday 18 December 2014**

**Emily Lau,** Leader of the Democratic Party in the Legislative Council of Hong Kong

**Alan Leong,** Leader of the Civic Party in the Legislative Council of Hong Kong

**Dr Tim Summers,** Chatham House

**Thursday 18 December 2014**

**Avery Ng,** Vice-Chairman of the League of Social Democrats, Hong Kong
Tuesday 6 January 2015

Duncan Innes-Ker, Senior Editor/Economist, Economist Intelligence Unit

Tuesday 13 January 2015

Lord Powell of Bayswater and Sir Anthony Galsworthy, representing the Hong Kong Association

Rt Hon Hugo Swire MP, Minister of State, Stephen Lillie, Director, Asia-Pacific and Gareth Ward, Head of China Department, Foreign and Commonwealth Office
Published written evidence

The following written evidence was received and can be viewed on the Committee’s inquiry web page at www.parliament.uk/facom. HNG numbers are generated by the evidence processing system and so may not be complete.

1. Alan Paul (HNG0618)
2. Alvin Y.H. Cheung (HNG0270)
3. Arthur Lau (HNG0734)
4. Asia Public Affairs And Social Services Society, The University Of Manchester (HNG0549)
5. British Council (HNG0503)
6. Britishhongkong (HNG0345)
7. Calvin Lee (HKG0047)
8. Chan Chun Ki Francis (HNG0073)
9. Chan Sheung Man (HNG0487)
10. Charlie Si (HNG0518)
11. Ching Yiu Shing (HNG0296)
12. Chloe Leung (HNG0268)
13. Chun Yee Au (HNG0072)
14. David Lui and Arvin Kong (HNG0572)
15. Deryck Y.K. Chan (HNG0473)
16. Dr Tim Summers (HNG0607)
17. Enoch Manto Liu (HNG0724)
18. Foreign and Commonwealth Office (HNG0748)
19. Foreign and Commonwealth Office (HNG0772)
20. Hin-Wah Leung (HNG0614)
21. HK Basic Law Institute (HNG0771)
22. Hong Kong 2020 (HNG0490)
23. Hong Kong Democratic Foundation (HNG0385)
24. Hong Kong Journalists Association (HNG0629)
25. Human Rights Watch (HNG0741)
26. John Huff (HNG0361)
27. Kin Chung Wong Frsa Fcollt (HKG0003)
28. Kyle Chan (HNG0498)
29. Lee Chau Yin (HNG0369)
30. Lo Chi Yeung, Felix (HKG0015)
31. Lo Chi Yeung, Felix (HKG0019)
32. Lo Chi Yeung, Felix (HKG0026)
33. Lo Chi Yeung, Felix (HKG0029)
34. London Chinatown Chinese Association (HNG0750)
35. Malte Kaeding (HNG0707)
36. Margaret Ng (HNG0477)
37. Mavis Lung (HNG0075)
38. Medium Raw Production (HNG0721)
39  Mike Wong (HKG0004)
40  Mr Lee Faulkner (HNG0570)
41  Ng Fat Ling (HNG0314)
42  Nicole Hung (HNG0684)
43  P. Fung (HNG0476)
44  Pang Wai Yin Derek (HNG0484)
45  Patrick Muook Bill Chow (HNG0389)
46  Paul Phillips (HNG0491)
47  Philip Chau (HNG0068)
48  The Hong Kong Association (HNG0738)
49  The Professional Commons (HNG0727)
50  Vince Ma (HNG0454)
51  Vincent Leung (HNG0363)
52  Yuen Kai Yeung, Keith (HNG0708)
Unpublished evidence

The following written evidence has been reported to the House and copies have been placed in the Parliamentary Archives (www.parliament.uk/archives), and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074; email archives@parliament.uk). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

1  Adrian Chi Wing Chan
2  Akagawa Shane Sanzu
3  Alex Lam
4  Alex Leung
5  Alexander Chan
6  Alfred Wong
7  Alice Chan
8  Alice Lai
9  Alice Ngan Hoi Yi
10 Allen Au
11 Alvin Yip
12 Amie Yiu
13 Andrew Lam
14 Andrew Leung
15 Andrew Thomas
16 Anita Nui
17 Anita To
18 Anna Au
19 Anonymous
20 Anonymous
21 Anson Kwan
22 Anthony Lau
23 Aotsoi
24 April Chan
25 Aragorn Ho See Hang
26 Arnold Leung
27 Au Hoi Man
28 Au Man Yee
29 Au Yeung Sau Ching
30 Ben C K Lee
31 Ben Choi
32 Ben Du
33 Ben Lee
34 Benny Law
35 Benson Chong
36 Betty
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</table>
The UK's relations with Hong Kong: 30 years after the Joint Declaration

532  Tsing Wah Ng
533  Tsoi Kwong Chun
534  Tsoi Kwong Chun
535  Tsoi Tsz Kan
536  Un Chi Tak
537  Valerie Wong
538  Vanisa Lam
539  Vick Lam
540  Vince Dick Ma
541  Vinci Wong
542  Violet Scorpio Roku
543  Vivian Yeung
544  Vivien Helene Yiu
545  Wah
546  Wai Cheung Preston Lee
547  Wai Choy
548  Wai-Man Lam
549  Walter Chan
550  Wc Chan
551  Wijung
552  Wilson Au Yeung
553  Wilson Leung
554  Wilson Leung
555  Wilson Tsui
556  Wilson Wan
557  Win Kwok
558  Wind Au Yeung
559  Windy
560  Wing Chu
561  Wing Fung Lau
562  Wing San So
563  Wing Tam
564  Wing Yi Kan
565  Wing-Sun Chan
566  Wong Chau Ting
567  Wong Chi Hon
568  Wong Chi Man
569  Wong Chin Pang
570  Wong Ching Lam
571  Wong Hk
572  Wong Hoi Tung
573  Wong Ka Man
574  Wong Ka Wing
575  Wong Ka Yung
576  Wong Kam Yuen