

**To friends of Vision 2047 Foundation**

**July 2020**

**Review from Hong Kong**



**Background and recent events**

It is just over a year since the first large demonstrations here, protesting at a proposed extradition law. This law would have permitted extradition to any country or territory with which Hong Kong did not have pre-existing extradition arrangements, which included the mainland of China.

The protests became progressively more disruptive and violent, and that progression was not halted by the HK government's eventual decision to withdraw the extradition bill. By the time the bill was withdrawn, it had become evident that significant segments of the population in Hong Kong were alienated from and disenchanted with the government; felt that Hong Kong's economic inequalities had created an unbridgeable divide; and felt that Hong Kong's distinct identity was of no concern to the current generation of PRC leaders. Although the violence was perpetrated by a much smaller number of people than those demonstrating peacefully, some people who would never indulge in violence or vandalism were nevertheless prepared to find excuses for those who did.

As a result, the divisions in our society have deepened; these events have also damaged what was a good and respectful relationship between the police and the public.

Then, of course, we had the coronavirus to deal with. As the rest of the world has since found out, early and drastic action to limit public activity; the wearing of masks; social distancing and an effective and accessible public health care system are the keys to limiting the damage of this epidemic; although the economic costs are substantial. At the time of writing Hong Kong is experiencing a worrying third wave of infections, but the overall numbers remain very low in comparison with communities of similar size. Even severe critics of our administration will admit that the government's response has been good; and that as a result, Hong Kong has been one of the safer places on the planet for its people to wait for the epidemic to subside and for an effective vaccine to be developed.

Most recently, Hong Kong politics were back in the headlines because of the National Security Law (NSL), enacted for Hong Kong by the Standing Committee of the National People's Congress in Beijing (SCNPC) and whose text was only disclosed to the public after it had been enacted.

**Assessment**

When it comes to reactions to events in Hong Kong, Vision 2047 members are united in asking our friends overseas, especially in the United States, to do more thinking and less grandstanding. This would also help the US avoid inadvertently damaging its own interests. The decision made by the US administration to end Hong Kong's separate treatment from the rest of China is a good example of the sort of action Hong Kong does not need from its friends. Why?

Keep in mind that the US has a significant trade surplus with Hong Kong. Hong Kong has a relatively small manufacturing sector and the impact of removing most favoured nation (MFN) status would therefore be relatively limited. Service sector sanctions would potentially be much more painful, but it is difficult to see how these could be applied without damaging the US's own economic interests. Some 1,300 US companies have offices in Hong Kong, including every major financial firm, and there are currently some 85,000 American citizens resident here. Hong Kong is a founding member of the World Trade Organization (WTO) and, under the Basic Law, has full autonomy from China in the conduct of its trading relations. Should the US act in any way that impairs Hong Kong's trading privileges, Hong Kong would thus be entitled to seek redress through the WTO's Dispute Settlement Body and, where appropriate, take compensatory retaliatory action against the US.

It should not surprise you that the issues which led to the imposition of the NSL are not as simple as the proponents and opponents of the NSL would like everyone to believe. Nor will it surprise you to find that there are differing opinions in the community about the extent of the threat that the NSL poses to the fundamental values on which Hong Kong's success has always rested – whatever label Hong Kong happened to carry.

Before summarising those differing views, we share a few propositions on which all members agree:

- Hong Kong imports 80% of its drinking water and half its food from the mainland. There is neither a present nor a future for Hong Kong under any set of arrangements which does not enjoy the approval of Beijing. Calls for independence or self determination for Hong Kong are therefore delusional; and irresponsible, because they lead central authority leaders to believe that Hong Kong is trying to secede.
- The requirement on the HKSAR government to enact national security legislation is in the Basic Law. One attempt was made to do so in 2003 and abandoned in the face of criticism of both the content and the process. Since then, the HKSAR government has done nothing to meet this requirement. Throughout 2019, normal life in Hong Kong was badly disrupted by protests. Even though the violent element of the protests was perpetrated by a small group, some of whom demanded independence for Hong Kong, no-one should be surprised that Beijing, after waiting for 23 years for the HKSAR government to enact the legislation, decided to take action.
- There are pressing social and economic problems which need urgent attention – the lack of affordable and decently built housing being the most important of these. Urgent action is needed to shake up the vested interests which have thus far prevented effective action on these issues. If nothing is done, the discontent and alienation which contributed to the unrest will continue to fester.

## **Opinions**

The loudest voices in the debate triggered by the NSL are those who assert that the NSL will only do good to Hong Kong and that anyone who isn't doing anything wrong has nothing to fear; and those in opposition who assert that the NSL means the death of Hong Kong.

These arguments dominate international media attention to the issue. Neither provides a complete basis for making informed decisions about the future of Hong Kong as a decent community for those who live here, nor as a place in which or through which to invest.

Differing opinions sit between these extremes. Those differing opinions, reflected among Vision 2047 members and expressed in our group with courtesy and respect for each other's right to differ, may be summarised as:

1. Those who believe that restoring order in Hong Kong is the highest priority. The focus is on the violence, intolerance of contrary opinion and anarchic tendencies of the small group of violent protesters; and on the fact that the Hong Kong government and law enforcement showed themselves less than capable of restoring public order. They saw no real alternative to the Beijing central government stepping in, and regard it as better than on-going protests.
2. Those who are similarly shocked by the violence and vandalism which has taken place; see supporters of these violent protesters as sharing responsibility for the crisis; are also disappointed by the short comings of the Hong Kong government and law enforcement; and find it hard to accept the idea that the NSL was, as they see it, imposed on Hong Kong without consultation, rather than enacted by the Hong Kong SAR government, as required by the Basic Law. This group is opposed to violence and vandalism. But they do feel threatened by the broad scope and loosely defined provisions of the NSL; as well as by the way China's politics has evolved in recent years.
3. Those who believe Hong Kong has weathered many storms in its journey from barren rock to major city; and that the NSL and the protests that led to it are just another one that will blow over without doing long-term damage to Hong Kong.

Wherever thinking and analysis might take us, our common and heartfelt wish is that number three proves to be right.

*Vision 2047 Foundation does not take an institutional position on issues that affect Hong Kong. Diversity of views amongst our members and frank and open exchange is encouraged. The common link between members is our commitment to the long-term well being of Hong Kong and the belief that thoughtful and respectful exchange generates greater understanding of different views. This letter does not represent any one view of members, nor reflects all views. For more information on our organisation, please visit our website [www.vision2047.org.hk](http://www.vision2047.org.hk)*

**Vision 2047 Foundation**  
**Committed to the Future of Hong Kong**