

The 45th MAC Advisory Committee Meeting Highlights of Discussion by Advisory Members*

News Reference Material

Date: May 2, 2023

The Mainland Affairs Council (MAC) recently held the 45th Advisory Committee Meeting on the topic of "Observations on Developments in Hong Kong's Economy and Trade in the Post-Pandemic Era." Key statements and discussion points of the participating committee members are as follows:

1. The introductory report presented by the scholars indicated that Hong Kong has undergone visible changes over the past few years. The implementation of the "Hong Kong National Security Law" has brought about structural changes, political unrest, and restrictions on news information. This has had significant impacts on Hong Kong's freedom, democracy, economy, and finance. The dramatic changes in recent years have prevented Hong Kong from returning to the free and pluralistic lifestyle that was once its pride. In addition, the COVID-19 pandemic has reduced inbound tourism, creating difficulties for the retail sector, cutting exports, pressuring the real estate market, and leading to a corporate and professional talent drain. Since lifting COVID-19 controls, the Hong Kong government has launched a series of major economic stimulus measures. However, data indicates that recovery has been limited across industrial sectors mainly due to the risks and chilling effects caused by the "Hong Kong National Security Law."

* The MAC Advisory Committee Meeting is formed by experts and scholars in related fields. The views and opinions expressed in the meetings or excerpted in this article belong solely to the speakers.

2. Some participating members analyzed that, since enactment of the “Hong Kong National Security Law,” the Hong Kong government has largely fallen into step with the Chinese Communist Party (CCP) on political and social controls. Furthermore, the proactive legal interpretations by the CCP's National People's Congress and its intervention in Hong Kong's Basic Law have undermined the independence of Hong Kong's legal system. In the economic sphere, the Hong Kong government has increased political intervention in companies, such as incorporating national security clauses into government bids. As an important gateway for international capital flows to and from mainland China, Hong Kong continues to occupy an important economic position that is hard to be replaced by other mainland Chinese provinces and cities.

3. Some members noted that Hong Kong once brought together talent from around the world. However, since the implementation of the “Hong Kong National Security Law,” talent outflows and changes in the talent structure have presented major challenges for Hong Kong. Related higher education data show a downtrend in the rankings of Hong Kong universities, colleges, and that of the departments of social science, policies, and laws and governance. Mainland Chinese teachers and students currently account for more than one-third of the total at universities and colleges in Hong Kong, affecting Hong Kong's status in the internationalization of education.

4. Some committee members believed that Hong Kong has a service-dominated industrial structure. The Hong Kong government has vigorously promoted innovative industries in recent years; however, they may be replaced by similar industries in Shenzhen of the Guangdong-Hong Kong-Macao Greater Bay Area in the long run. Taiwan can actively consider measures to attract and retain

talent, such as deliberating ways to attract financial talent from Hong Kong to support promotion of financial internationalization in Taiwan.