

Analysis Report: 17 Years After Hong Kong's Handover

Mainland Affairs Council

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- Political and social movements become more radical in their demands
- Economy maintains steady and moderate growth, but concerns over housing market problems remain
- Social movements call for freedom of speech and maintaining judicial independence
- International community affirms Hong Kong's business environment, but is concerned about the progress of democracy in Hong Kong
- Social conflicts intensify with the deepening integration of the Mainland and Hong Kong economies
- Taiwan and Hong Kong expand cooperation and steadily advance

I. Overall Review and Analysis

The government of the Republic of China (ROC) defines Hong Kong as a "special area" distinct from other parts of mainland China to maintain consistency and continuity on Hong Kong policy following the handover to mainland China in 1997, under the premise that Hong Kong is able to maintain its free economic system and autonomous status. The government also publishes an annual report on various developments in Hong Kong and the current status of Taiwan-Hong Kong relations. The current 17th report covers an observation period from July 2013 to early July 2014.

Hong Kong's political, economic, and social systems are generally functioning normally 17 years after the handover. However, these systems also

face the challenge of change, especially in the political and social realms. During the period observed by this report, Hong Kong's civil service system maintained its reputation for neutrality, honesty and efficiency. However, the governing credibility of the Chief Executive and principal officials was seriously challenged. Relations between the executive and legislative branches, the North East New Territories New Development Areas Plan, the "Occupy Central with Love and Peace" campaign seeking true universal suffrage in 2017, and the white paper by the Mainland Information Office of the State Council on "The Practice of the 'One Country, Two Systems' Policy in the Hong Kong Special Administrative Region" reiterating comprehensive jurisdiction over Hong Kong have, among other issues, triggered frequent radical protests of considerable scale. These actions have been joined by members of the legal profession, including several judges and former and incumbent chairpersons of the Hong Kong Bar Association. The referendum held by the "Occupy Central" campaign and the July 1 march both attracted a record turnout. Public opinion, both globally and within Hong Kong, has called on the Mainland and Hong Kong government to confront and understand the demands of the people of Hong Kong, carefully consider how to retain the uniqueness of Hong Kong, and achieve the fullest benefits for mainland China.

Hong Kong has enjoyed steady and moderate economic growth. Its business environment is internationally affirmed and its economy has been successively ranked as the world's freest. Hong Kong has also scored high in terms of competitiveness, trading entity and other rankings. Nevertheless, the International Monetary Fund (IMF) has warned that Hong Kong faces a housing bubble and cross-border risk from increasingly close links with the Mainland's financial system. It has urged Hong Kong to strengthen regulatory cooperation

with mainland China. The international community also remains concerned about the issue of democratic development in Hong Kong. Britain, the United States and other countries have repeatedly expressed hope that the Mainland authorities will allow the people of Hong Kong to have universal suffrage with a genuine choice.

Personnel, economic and trade exchanges and official interactions between Taiwan and Hong Kong continue to steadily advance. In the future, the two sides will jointly discuss how to deepen cooperation on existing topics to continue improving their substantive relationship.