

**THE QUARTERLY REPORT ON REVIEW OF
HONG KONG'S SPECIAL STATUS AND
IMPLEMENTATION STATUS OF THE HONG
KONG HUMANITARIAN AID PROJECT**

JULY TO SEPTEMBER 2020

REPORT TO LEGISLATIVE YUAN

Mainland Affairs Council
OCTOBER 2020

I. INTRODUCTION

On May 28 this year, mainland China's National People's Congress (NPC) adopted the Decision on "Establishing and Improving the Legal System and Enforcement Mechanisms for the Hong Kong Special Administrative Region (HKSAR) to Safeguard National Security" (hereinafter "Decision"). Later on June 30, Beijing announced the implementation of the Law of the People's Republic of China (PRC) on Safeguarding National Security in the HKSAR (hereinafter "National Security Law"). The law not only is in defiance of democracy and the rule of law in Hong Kong, it also harms the freedom and rights of the Hong Kong people. All political parties in Taiwan and the international community concurrently denounce Beijing's moves and oppose such violation of democracy and human rights by the Chinese Communist Party (CCP) under the false pretenses of national security.

The Internal Administration Committee of the Legislative Yuan passed an extemporaneous motion on the Hong Kong Humanitarian Aid Project the same day the Decision was adopted, which "requests the Mainland Affairs Council (MAC) to submit a quarterly written report updating the implementation status of the said Project." In addition, at the 15th meeting of the first session of the 10th Legislative Yuan, held on May 29, party caucuses in the legislature issued a joint statement further "requests MAC to submit a quarterly report reviewing Hong Kong's special status with regard to the assessment of Hong Kong's political, economic and social independence."

The National Security Law profoundly harms the rights and freedom of the Hong Kong people. Therefore, in order to defend the universal values of freedom, democracy, human rights, as well as convey and provide care to

the people of Hong Kong, by instruction of the President and the Premier, MAC mapped out the Hong Kong Humanitarian Aid Project. Under the existing platform for promoting Taiwan-Hong Kong exchanges, the Taiwan-Hong Kong Economic and Cultural Co-operation Council, the Taiwan-Hong Kong Office for Exchanges and Services was established as a public service window to provide streamlined services and necessary care for the people of Hong Kong.

MAC presented the following report to the Legislative Yuan on developments in Hong Kong during this reporting period, from July to September 2020.

II. OBSERVATIONS AND ASSESSMENT OF THE SITUATION IN HONG KONG

The Hong Kong government promulgated the National Security Law on July 6 and gazetted the Implementation Rules for Article 43 of the National Security Law to take effect on July 7. Furthermore, as the CCP and Hong Kong government managed to complete the reshuffle of Hong Kong-related national security personnel within a few days, the National Security Law was enacted in full force, creating political, economic, and social uncertainty as well as having repercussions for Hong Kong.

Major developments in Hong Kong during this reporting period were as follows:

1. Politics and the Judiciary

On July 3, 2020, the National Security Department (NSD) of the Hong Kong Police Force was established by the Hong Kong government. Moreover,

on July 8, the Office for Safeguarding National Security of the Central People's Government in the HKSAR was inaugurated and self-proclaimed as "the gatekeeper of national security."

On July 29, Tony Chung, former convenor of Hong Kong pro-independence group Studentlocalism, and three others were arrested, marking the first crackdown on prominent political figures under the National Security Law. A day later, on July 30, the government issued arrest warrants for Nathan Law, Ray Wong, and four others who had already fled the city and now based overseas.

On August 10, media tycoon Jimmy Lai, his two sons, and senior executives of Next Digital, the parent company of Apple Daily Newspaper, were arrested over alleged violations of the National Security Law. Shortly afterward, Next Digital headquarters and Apply Daily newsroom were raided and searched. Hong Kong police later confirmed that they had arrested a total of 10 people that day, among them was the prominent pro-democracy student activist and former member of Demosistō Agnes Chow, who was arrested in another sweep.

Based on compiled media statistics, the government had, as of September 30, arrested 28 people and issued arrest warrants for eight others over violations of the National Security Law. In addition, 12 Hongkongers were arrested for attempted illegal border crossing and moved to a detention facility in Shenzhen.

Among the major political controversies in Hong Kong during this reporting period, the Hong Kong government, in late July, disqualified 12 pro-democracy candidates from running in the Legislative Council (Legco) elections, accusing them, among other things, of "advocating for, or

promoting Hong Kong's independence or self-determination,” “objecting the National Security Law,” and “soliciting foreign powers in relation to Hong Kong affairs.” Moreover, Chief Executive Carrie Lam later used the pretext of the severity of the pandemic to announce that the Legco elections, originally scheduled to be held on September 6, would be postponed to September 5, 2021. These actions draw criticism from all walks of society for using the National Security Law to set out a red line for political participation and as an excuse for delaying the realization of civil and political rights.

Upon the introduction of ‘professional consultation’ for Liberal Studies textbooks on a ‘voluntary’ basis for publishers by Hong Kong education authorities, some publishers had removed or revised content related to "separation of powers", sparking controversies over the basis of the city’s constitutional order. In response, Chief Executive Lam stated publicly that there was no separation of powers in Hong Kong’s political system. The Hong Kong and Macao Affairs Office of the State Council and the Hong Kong Liaison Office both made follow-up statements supporting Lam’s position and claimed that an executive-led system is the core concept of Hong Kong's governance system. In a nutshell, the HKSAR political system can be summarised by the following characteristics: under the division of three powers, executive-led, has independent judiciary and the chief executive reports to the central government on behalf of the HKSAR. The denial of separation of powers called into question Hong Kong and Beijing authorities’ intention to undermine the judiciary and legislative power build on people’s mandate.

In addition, one of the foreign non-permanent judges of the Hong Kong Court of Final Appeal, Australian judge James Jacob Spigelman, resigned before the end of his tenure allegedly due to dissatisfaction over

the National Security Law. His departure raised public concern over judicial independence in Hong Kong as foreign judges have long been a symbol of the city's rule of law and independence of the judiciary. In addition, repeated criticism of the judges by pro-mainland China media in Hong Kong regarding lenient sentencing given in cases involving protests against the extradition (*to China*) bill added to public apprehension about further undermining of the dignity and independence of Hong Kong's judicial system.

On the other hand, the Hong Kong government also required civil servants employed from July 1 this year to sign a declaration or swear in allegiance to the Hong Kong government and uphold the Hong Kong Basic Law. Critics viewed such move as an attempt to introduce the CCP's cadre culture into Hong Kong's political system, deprive civil servants of the freedom of expression, and purge the executive branch.

2. Economy

On September 30, credit ratings agency S&P Global Ratings affirmed Hong Kong's issuer long-term and short-term credit ratings as "AA+" and "A1+2", respectively, with the outlook, "stable". S&P noted that despite the National Security Law and international sanctions have yet endangered Hong Kong's economic status, Hong Kong's economy would likely suffer deep contraction this year as uncertainty over internal and external demand as well as the impact of COVID-19 pandemic situation loomed in the background. Sharp contradictions emerging since the implementation of the National Security Law and the higher business costs due to international sanctions further casted a grave shadow over Hong Kong's economic prospects. Various parties predicted that Hong Kong's GDP would shrink by 5.5% to 8% in 2020.

As for stock and foreign exchange markets, Hong Kong's main stock market index, the Hang Seng Index, has trended steadily down and remained volatile throughout the second half of the year since hitting a high of 26,339 points in early July. Related analyses found that while COVID-19 continued to have a severe impact on capital markets, the arrests of media mogul Jimmy Lai, founder of Next Digital, and other prominent public figures for alleged violations of the National Security Law also highlighted the deteriorating political situation and raised concern among investors over Hong Kong's economic outlook.

On the other hand, despite Hong Kong dollar hit the strong end of its trading band against the US dollar at 7.7500 per greenback several times this quarter, its exchange rate did not come under obvious pressure due to intervention by the Hong Kong government and the mainland Chinese capital support to defend the currency peg.

However, according to an August survey by the American Chamber of Commerce in Hong Kong, about 39% of the Hong Kong-based US firms interviewed said they had plans to move operations out of the city, an uptick from 35.5% of business surveyed in July. Moreover, 75% of US companies reported feeling pessimistic about Hong Kong's business prospects in general, indicating that the National Security Law has severely eroded Hong Kong's reputation as the best place for business and investment since its implementation.

3. Society

Applications for assemblies and processions in Hong Kong have been universally rejected by the authorities over the past three months on the

grounds of epidemic prevention. However, protests were still occasionally held, including city-wide boycott of Hong Kong's subway system, the Mass Transit Railway (MTR), and the commemorative rally in Mong Kok on August 31 to mark the one-year anniversary of clashes between the protesters and police at the Prince Edward MTR Station. In addition, on September 6, hundreds of demonstrators gathered in Kowloon to denounce the National Security Law.

The Hong Kong government had set the tone to define anti-extradition (*to China*) movements as "anti-government riots." On August 26, the Hong Kong police arrested 16 people, including Democratic Party lawmakers Ted Hui and Lam Cheuk-ting on charges linked to the July 21st Yuen Long mob attacks last year. This showed that the Hong Kong government has embarked on political persecution to settle old scores. According to statistics released by the Hong Kong Police Force on October 8, a total of 10,039 people were arrested from June 9, 2019 to September 30, 2020 for participating in anti-extradition (*to China*) protests; among the arrested, 2,266 were charged with crimes including rioting, unlawful assembly and possession of offensive weapons, among others.

Amidst the city's pressure cooker atmosphere, the Hong Kong government has been vigorously promoting national security education guidelines and curriculum. University teachers who often criticize Beijing or lead protests have been fired or not had their contracts renewed, while other school teachers have been deregistered for promoting the city's independence.

As People Power's vice chairman Tam Tak-chi was arrested for suspicion of uttering seditious words, books by pro-democracy figures were

also removed from circulation in public libraries and put under a content review pending for compliance with the National Security Law. Moreover, Hong Kong police announced the decision to redefine “media representative” in the Police General Orders. These measures reflected an increasing curtailment of thought, speech, academic, media, and press freedoms in Hong Kong.

In a public opinion poll announced by Hong Kong Public Opinion Research Institute in mid-August, the results showed that the five core social indicators of “freedom”, “prosperity”, “rule of law”, “stability”, and “democracy” reached the lowest levels since 1997 following the enactment of the National Security Law. Related analyses concluded that the change clearly reflected the negative perception of the Hong Kong people towards the National Security Law.

4. International Responses

The international community is deeply concerned about developments in Hong Kong. Democratic countries have called on the CCP authorities to abide by its pledge to uphold the rights and autonomy of the Hong Kong people and have also weighed countermeasures and boycott policies.

On July 14, US President Donald Trump signed into law the Hong Kong Autonomy Act and an Executive Order on Hong Kong Normalization. Concrete measures taken subsequently, among others, were the Department of Treasury’s imposition of sanctions on 11 Hong Kong and mainland Chinese officials, including director of the Hong Kong and Macau Affairs Office of the State Council Xia Baolong, director of the Hong Kong

Liaison Office Luo Huining, and Hong Kong SAR Chief Executive Carrie Lam; and the demand that Hong Kong goods for export to the US be labelled as "Made in China". In response to US actions, the CCP announced sanctions on 11 Americans.

On July 22, the British government announced details of the new Hong Kong British National (Overseas) (BNO) Visa scheme, relaxing immigration requirements and extending residence rights for BNO passports holders ordinarily reside in Hong Kong. Quickly after the UK launched its bespoke immigration route for BNO citizens from Hong Kong, the CCP said it would no longer recognize the BNO passports as valid travel documents.

In addition, New Zealand, Ireland, Australia, Germany, Britain, Canada, and the US have updated travel alert for Hong Kong over the National Security Law. Furthermore, many countries either suspended or halted ratification of extradition treaties with Hong Kong, among them include the US, France, Germany, New Zealand, Britain, Australia, Canada, and Finland.

In a rare joint letter made public on September 4, United Nations (UN) experts on counter-terrorism and human rights stated that provisions of the National Security Law on Hong Kong do not conform to mainland China's legal obligations under international law, seriously undermine the independence of Hong Kong's judges and lawyers, and infringe on freedom of speech, among other fundamental rights. They called on the Beijing authorities to explain how it would remediate the inconsistencies between the legislation and international human rights instruments. On the other hand, Facebook, Google, and Twitter suspended processing the Hong Kong government's requests for user data back in July.

III. IMPLEMENTATION STATUS OF THE HONG KONG HUMANITARIAN AID PROJECT

On July 1, 2020, the Taiwan-Hong Kong Office for Exchanges and Services (hereinafter "Exchanges and Services Office") began formal operation under the Hong Kong Humanitarian Aid Project. The Office has three sections: the Consultation Services section, Project Management section, and Administrative Affairs section. It provides consultation and assistance to Hongkongers coming to Taiwan for study, employment, investment, entrepreneurship, immigration, and residency, as well as customized services to transnational enterprises and international organisations for relocating to Taiwan. The Office also pragmatically handles affairs related to humanitarian assistance and care for Hong Kong people based on national security considerations, in accordance with existing laws and regulations, and through public-private partnerships. A review of the operations of each section is as follows:

1. Consultation Services Section

- (1) Since its formal operation, the Exchanges and Services Office has handled more than one thousand phone calls and emails pertaining to services provided. The majority of the cases involve inquiries about coming to Taiwan for immigration, residency, investment, employment, or study. All inquiries made were duly replied in accordance with current laws, regulations and implementation measures or after further consultation with relevant agencies.
- (2) The Exchanges and Services Office has submitted a summarize review to relevant agencies (institutions) for improvement or deliberation in regard

to the opinions and feedback reflected in calls or emails from Hong Kong people, including: difficulty in getting appointments for document verification in Hong Kong; low efficiency of processing the application cases; need to ease restrictions on outstanding Hong Kong graduates to work in Taiwan and to relax requirements for Hong Kong professionals to apply for permanent residency after a certain period of stay in Taiwan; and potential to establish a “green channel” for Hong Kong people to invest in Taiwan.

2. Project Management Section

(1) The government has drafted guidelines for handling matters regarding Hong Kong residents who come to Taiwan for humanitarian assistance under the situations covered by Article 18 of the Act Governing Relations with Hong Kong and Macao. It would render decisions in such cases based on a joint review of the threat level of applicants’ personal safety and liberty, along with the degree of urgency and hazard in individual cases. Each case would be duly handled in conformity with humanitarian principles and related laws and regulations. The Exchanges and Services Office would then step in to provide further assistance and guidance when it comes to study, employment, and daily care on a case-by-case basis.

(2) The Exchanges and Services Office, in coordination with MAC, and with assistance from relevant agencies, has duly cared for Hong Kong residents in need of assistance and provided additional guidance to Hongkongers permitted to stay or reside in Taiwan. At present, we already have several successful cases where applicants have settled in, whether studying or working, and led independent lives.

3. Administrative Affairs Section

- (1) This section is in charge of finding a suitable office location for the Exchanges and Services Office. It has established two consultation hotlines (02-2700-3199 and 02-2397-1088). The hotlines are open Monday to Friday (holidays excluded) from 9:00 am to 12:00 pm and from 1:30 pm to 5:00 pm, providing one-on-one consultation. To ensure unimpeded consultation services are provided through multiple channels, people needing assistance can also contact the Office by e-mail: careyou@thec.org.tw.
- (2) The section has set up a designated area for the Exchanges and Services Office on the website of its parent organization, the Taiwan-Hong Kong Economic and Cultural Co-operation Council. On the Office's webpage, one can find database information on a series of FAQs related to coming to Taiwan for study, employment, investment, entrepreneurship, immigration and residency; directions for relocation by transnational corporations to Taiwan; and CliffsNotes guides on living in Taiwan, among others. This allows those who have inquiries to find useful answers conveniently whenever needed.

IV. CONCLUSION

MAC will continue to closely watch the implementation of the National Security Law and present an observation report quarterly consisting of an overall assessment of the situation in Hong Kong – using political, economic and social development as key yardsticks – and policy trends in major countries. It will also duly review related provisions under the Act Governing Relations with Hong Kong and Macao to protect Taiwan's national security

and ensure the interests of the people are not compromised by the changes and situation in Hong Kong. In the meantime, MAC will keep on providing assistance and care for Hong Kong people being oppressed, and defending democracy, freedom, human rights and other universal values.