



**PEARL OF THE ORIENT:** Hong Kong has maintained its prosperity and made sustained progress after its return to China in 1997



# The Right Way To Succeed

**A proper understanding of the central authority's policy is key to Hong Kong's development**

By Yuan Yuan

**T**he success of the "one country, two systems" policy in Hong Kong proves it was not only the best solution for returning Hong Kong to China 17 years ago but is also the best arrangement for the long-term prosperity and stability of the region, according to a newly published white paper of the Chinese Government. The report, titled *The Practice of the "One Country, Two Systems" Policy in the Hong Kong Special Administrative Region*, was released on June 10 and is the first such paper on China's Hong Kong policy.

"[The paper] has several important chapters, including comprehensive detailing of the progress made in the Hong Kong Special Administrative Region (HKSAR), efforts made by the Central Government in ensuring the pros-

perity and development of the HKSAR, as well as a full and accurate understanding of the 'one country, two systems' policy and its implementation," said HKSAR Chief Executive Leung Chun Ying on June 10 during a press conference in Hong Kong.

## Ingenious policy

The "one country, two systems" solution was put forward by late Chinese leader Deng Xiaoping in the early 1980s in an effort to realize the peaceful reunification of China.

According to Deng, the concept of "one country, two systems" means there is only one China, with the mainland adhering to a socialist system while Hong Kong, Macao and Taiwan

may retain their capitalist systems for a long time to come.

Following this principle, the Chinese Government successfully returned Hong Kong to China through diplomatic negotiations with the British Government, and resumed the exercise of sovereignty over Hong Kong on July 1, 1997.

Since its return to China, Hong Kong has maintained steady economic growth. From 1997 to 2013, its gross regional product (GRP) grew by 3.4 percent annually in real terms. The local per-capita GRP increased by a total of 39.3 percent, calculated in U.S. dollars, during the same period.

According to statistics for 2013 from the International Monetary Fund, Hong Kong's GRP and per-capita GRP, ranked 35th and seventh respectively when compared to the rest of the world and calculated by purchasing power parity.

"Hong Kong has maintained a sound business environment, and is generally recognized as one of the world's freest economies," says the white paper.

The Chinese mainland has provided "solid backing" for Hong Kong's prosperity and stability over the years, including during the Asian financial crisis in 1997, the fight against SARS in 2003 and the global recession in 2008.

A series of economic partnership agreements, including the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) that was put into effect



on January 1, 2004, now allows the Chinese mainland to give a zero tariff treatment to all products originating from Hong Kong.

Currently, the mainland is the largest trading partner of Hong Kong, while Hong Kong is among the mainland's most important trading partners, a key market for mainland products and the mainland's largest off-shore financial center.

Trade volume between Hong Kong and the mainland reached HK\$3.89 trillion (\$502 billion) in 2013, 3.5 times that of 1997.

The Chinese Central Government has also taken measures to consolidate Hong Kong's position as a leading offshore market for Chinese yuan, and has encouraged the listing of mainland enterprises on the stock market in Hong Kong.

By the end of 2013, around 129 million mainland residents had visited Hong Kong under the Individual Visitors Scheme. According to estimates by the HKSAR Government, the scheme contributed to a 1.3-percent increase for Hong Kong's GRP in 2012 alone, and helped create more than 110,000 jobs.

## New challenges

While comprehensive progress has been made on all fronts in Hong Kong, the practice of "one country, two systems" has come to face new circumstances and new problems.

"The implementation of the Basic Law of the HKSAR has faced hurdles due to the fact that some people are confused or biased in their understanding of the 'one country, two systems' policy and the Basic Law," said Zhang Dinghui, Deputy Director of Contemporary Chinese Politics Research Institute at Shenzhen University, Guangdong Province. The Basic Law, formulated in accordance with the Constitution of the People's Republic of China, provides the HKSAR with the equivalent of a constitutional law.

The white paper clarifies that China's

Central Government has comprehensive jurisdiction over all local administrative regions, including the HKSAR, and the high degree of autonomy of the HKSAR stems solely from the central leadership's authorization. "The high degree of autonomy of the HKSAR is not full autonomy, nor a decentralized power. It is the power to run local affairs as authorized by the central leadership," says the document, which explicitly denies there is any "residual power" for Hong Kong.

"High degree of autonomy" does not mean complete autonomy on the part of Hong Kong. So this is a high degree of autonomy as stipulated in the Basic Law, and it has been in the Basic Law since it was promulgated in 1990," HKSAR Chief Executive Leung noted.

The white paper stresses that the most important task in upholding the "one country" principle would be to maintain China's sovereignty, security and developmental interests, and respect the country's fundamental system as well as its other systems and principles. The "two systems" concept means that within the "one country" of China, the main body of the country practices socialism, while Hong Kong and some other regions practice capitalism.

"A socialist system by the mainland is the prerequisite and guarantee for Hong Kong's practicing capitalism and maintaining its stability and prosperity," says the white paper. "The principle of 'one country' must be combined with respect for the difference of 'two systems.' In no circumstance should we do one thing and neglect the other."

The white paper also points out that the Central Government continues its support for the HKSAR to gradually and orderly develop a system of democratic governance that suits the conditions of the region, as provided for in the provisions of the Basic Law.

"The ultimate aim of selection of the chief executive will be one by universal suffrage upon nomination by a broadly representative

nominating committee in accordance with democratic procedures and the election of all the members of the Legislative Council by universal suffrage," the white paper says.

It adds that this commitment by the Central Government has been incorporated into the Basic Law and its relevant resolutions by the Standing Committee of the National People's Congress (NPC), China's top legislature.

The timetable for universal suffrage in the HKSAR has already been set. A decision was made on December 29, 2007, during the 31st Session of the 10th NPC Standing Committee "that the election of the fifth chief executive of the HKSAR in 2017 may be implemented by the method of universal suffrage; that after the chief executive is selected by universal suffrage, the election of the Legislative Council of the HKSAR may be implemented by the method of electing all the members by universal suffrage." From December 4, 2013 to May 3, 2014, the HKSAR Government initiated a five-month public consultation on the election of the chief executive in 2017 and that of the Legislative Council in 2016, starting the relevant procedures for introducing universal suffrage.

According to the white paper, those who govern Hong Kong "should above all be patriotic."

Qiang Shigong, Director of the Center for Hong Kong and Macao Studies at Peking University, told Xinhua News Agency that this statement was a reply to the argument raised by some Hong Kongers that there is no legitimacy to demanding the chief executive to be patriotic.

Patriotism is a basic ethic for politicians in any place in the world, including in China, Qiang said.

The white paper also says that it is necessary to stay alert to attempts by external parties to use Hong Kong to interfere in China's domestic affairs. Preventing and repelling attempts made by the small number of people who act in collusion with outside forces to interfere with the implementation of "one country, two systems" policy in Hong Kong is crucial, it adds.

"Firmly advancing the cause of the 'one country, two systems' policy is the common desire of all Chinese people, those in Hong Kong included. It is in the fundamental interests of the country and people, the general and long-term interests of Hong Kong and the interests of foreign investors," said Zou Pingxue, deputy head of the Center for Basic Laws of Hong Kong and Macao Special Administrative Regions, Shenzhen University. ■

## ↓ Hong Kong in Numbers

- The world's ninth largest trading economy, having trading ties with almost every country and region in the world
- One of the world's largest container shipping ports and fourth largest ship-registration center
- The world's third largest destination for foreign direct investment
- Home to the world's sixth largest securities market and fifth largest foreign exchange market
- Home to one of the world's busiest airports—the Hong Kong International Airport, which has led the world for many years in terms of freight volume and ranks fifth in terms of passenger transport volume

(Source: The Practice of the "One Country, Two Systems" Policy in the Hong Kong Special Administrative Region)

yuanyuan@bjreview.com