



Beijing is hell-bent on doing a dangerous surgery to Hong Kong’s One Country Two Systems. There is no way Beijing will back down on matters of national security. The die is cast.

Following Beijing’s introduction of Hong Kong’s national security law bypassing Hong Kong’s legislature, the US has declared that Hong Kong is no longer autonomous. Looming sanctions and withdrawal of privileges from America’s economy, finance, and visitor treatment cast a long shadow over Hong Kong’s status as an international financial center. Militant protesters begin to take back to the streets. Some say that One Country Two Systems is dead.

While Beijing’s image has hit a nadir thanks to the coronavirus crisis, this unexpected thunderbolt threatens to further undermine Hong Kong’s unique status underpinned by independent rule of law. However, all the opprobrium misses Beijing’s apprehension that One Country Two Systems as originally conceived has been gravely distorted. Not only have the status of One Country and Hong Kong people’s sense of Chinese nationhood been hollowed out, recent protests, some bothering on terrorism, have morphed into violence and widespread breakdown of law and order. There are wanton acts challenging Beijing’s sovereignty and blatant ideas and slogans advocating “self-determination” and “independence”. Manifestations point to aiding and abetting by hostile foreign powers.

At a time of intensifying US-China great-power rivalry, sanity is called for on both sides. Beijing should ensure that national security does not destroy Hong Kong’s autonomy

Beijing’s misgivings are captured in a two-part CCTV documentary “Another Hong Kong”, released only weeks before. The enactment of Article 23, a key safeguard for national security, remains foiled after nearly 23 years by unabated fierce opposition. In the eyes of Beijing, the ‘One Country’ of the Two Systems is in critical jeopardy. Surgery is urgently needed, before it is too late.

Another reason for Beijing's sense of urgency is that many development and livelihood legislative proposals have been obstructed by anti-Beijing and anti-government radicalism. This refuses to sever moral support, even if covert, to "separatist" sentiments, including the use of destructive violence. There exists an unspoken symbiotic relationship with the radical camp, drawing strength from each other. This remains a huge barrier to efforts addressing "deep-seated contradictions", such as housing, that keep Hong Kong a divided city.

■ Matters have finally been brought to a head. Is Hong Kong now doomed?

There is every likelihood that direct enforcement of the new national security law may be left to Hong Kong's law enforcement agencies, subject to checks and balance of its internationally-respected judiciary. A national security agency may be set up in Hong Kong, similar to the Special Branch in the colonial era.

Beijing makes assurances that the new law is primarily aimed at only a small cohort of subversives. The freedom Hong Kong enjoys will continue to be protected by its laws, including freedom of speech, assembly and protests.

If the firewall guarding Hong Kong's legitimate freedom is sufficiently robust, the vast majority of the people of Hong Kong, including foreigners, should have nothing to fear, as Beijing has claimed. But that's a big "if". A lot depends on how "national security" is defined by Beijing.

During the early years after the handover, Beijing bent backwards to avoid any impression of interference. Official contacts at all levels were tightly controlled. However, as cross-border economies became much more closely intertwined, a clash of identities from the free flow of peoples, businesses and way of life inevitably followed. Hong Kong's freedom has so far largely

held fast. Hong Kong remains a city of protests and home to a vibrant anti-Beijing and anti-government press. Despite the anti-extradition-bill protests, Hong Kong still ranks number two in the 2020 *Index of Economic Freedom*, published by the Heritage Foundation on March 17, 2020. Hong Kong's institutional strengths and underlying fundamentals remain strong. Scores relating to the rule of law—Property Rights, Ju-



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cial Effectiveness and Government Integrity—have all increased.

Behind the fire and fury of violent protests, there is a drumbeat of "fighting to

the death" to achieve "genuine" universal suffrage. The latter aim is a clarion call winning support across the world. Unfortunately, this is being used to justify, or at least whitewash, any means, however violent, to achieve the end.

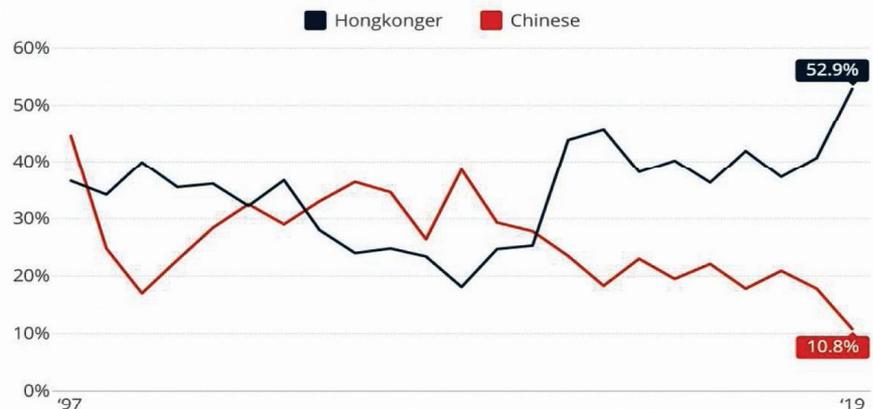
■ Is Beijing using the national security law to silence demands for 'genuine' universal suffrage?

Let's realize that the world's democracies are all relative. The kind of democracy for One Country Two Systems of the Special Administrative Region cannot blindly follow national democracies. The principle of "gradual and orderly progress" to universal suffrage is prescribed under Article 45 of the Basic Law. The method of selection of the Chief Executive must work through an Election Committee as prescribed in Annex I.

What seems to be ignored is that Hong Kong's Chief Executive must be accountable to, be trusted by, and work with Beijing. He/she must not turn out to be a front for soft-paddling "self-determination", "separation", let alone "independence". Absent mutual trust, pre-screening of candidates is unavoidable, although this cannot be described as "democratic".

Fewer People In Hong Kong Tend To Identify As Chinese

"Would you identify yourself as a Hongkonger or Chinese?"*



n=1,000+ Hong Kong residents
* Respondents also had other identity choices in the poll.
Source: Hong Kong University



HK Security Law

What is this law all about?

China initially submitted a draft resolution to its rubber stamp parliament, which was voted on and passed this week. Only now will it be fleshed out into an actual draft law.

So the details are thin but we know this much. A law would make criminal any act of:

- secession - breaking away from the country
- subversion - undermining the power or authority of the central government
- terrorism - using violence or intimidation against people
- activities by foreign forces that interfere in Hong Kong

One part that has got people worried is the suggestion that China could set up its own institutions in Hong Kong responsible for security.

Why did China do this?

Hong Kong was handed back to China from British control in 1997, but under a unique agreement—a mini-constitution called the Basic Law and a so-called “one country, two systems” principle.

They are supposed to protect certain freedoms for Hong Kong: freedom of assembly and speech, an independent judiciary and some democratic rights—freedoms that no other part of mainland China has.

Under the same agreement, Hong Kong had to enact its own national security law—this was set out in Article 23 of the Basic Law.

But its unpopularity means it has never been done—the government tried in 2003 but had to back down after protests.

Courtesy: BBC

For perspective, it may be instructive to compare the situation in Hong Kong before its reversion of sovereignty to China.

My 38-year career enabled me to experience, as a senior official, how Hong Kong was run before and after 1997. Needless to say, there was no democracy in the colonial era. As a junior administrative officer in 1966-67 in the then Office of the Unofficial Members of the Legislative and Executive Councils (UMELCO), my job was to draft questions for legislators, who were all appointed, to select with prepared answers coordinated with government departments and bureaux in advance. Not many people realize that under One Country Two Systems, the One Country is not there in name only. A high degree of autonomy cannot equate to complete autonomy, including connivance at erosion of nationhood and “self-determination”, let alone “separatism” or “independence”. To Beijing, these alarm bells

have been ringing loud and clear in recent years.

One Country and Two Systems are interactive. The more Beijing feels threatened, the more will the sovereign exert itself to restore balance. The converse is also true. If national security is adequately protected, and if the democratic camp succeeds in building suffi-

cient mutual trust, Beijing is likely to allow more latitude on universal suffrage. For a start, the range of acceptable candidates may be widened, pre-screening notwithstanding.

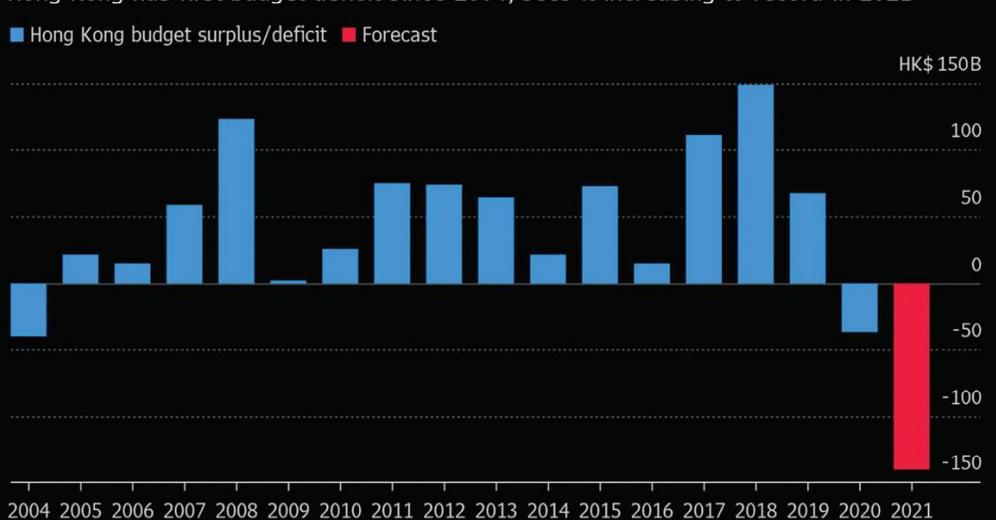
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The world’s first to recover from the coronavirus pandemic, China is taking stock of its wounds and opportunities in a post-Covid-19 era of great-power rivalry. Tariffs and sanctions notwithstanding, China appears confident in looking ahead to realizing the first signpost of its China Dream, that of becoming a moderately affluent country by 2021, the centenary of the founding of the Communist Party of China.

Following the US’ announcement of what seemed to be Hong Kong’s death knell, Hong Kong’s extremely savvy stock market has gone down, but not massively. After all, if sanctions and barriers deny large Chinese enterprises seeking to list in New York, chances are that Hong Kong would continue to offer them safer and more lucrative haven, especially when London is beginning to lose some of its shine after Brexit. One Country Two Systems remains vital to

Budget Problems

Hong Kong has first budget deficit since 2004, sees it increasing to record in 2021



Source: Treasury of Hong Kong
Note: Data is for fiscal years ending March 31

Bloomberg



Beijing's long-term national interest. Hong Kong is China's largest offshore center for the internationalization of the RMB, the Chinese currency. It is expected to play a bigger role in the Greater Bay Area and a reformed Belt and Road Initiative. These are strategic components for the realization of the

China Dream. Turning Hong Kong into another Shanghai does not make sense.

Hong Kong's status as an international financial center remains invaluable also to American businesses both in Hong Kong and back home. Above all, sanctions are likely to push Hong Kong further into reliance on Beijing, a move

not in America's best strategic interest. At a time of intensifying US-China great-power rivalry, sanity is called for on both sides. Beijing should ensure that national security does not destroy Hong Kong's autonomy. Washington should refrain from killing the goose that promises to continue laying strategic golden eggs for the US.

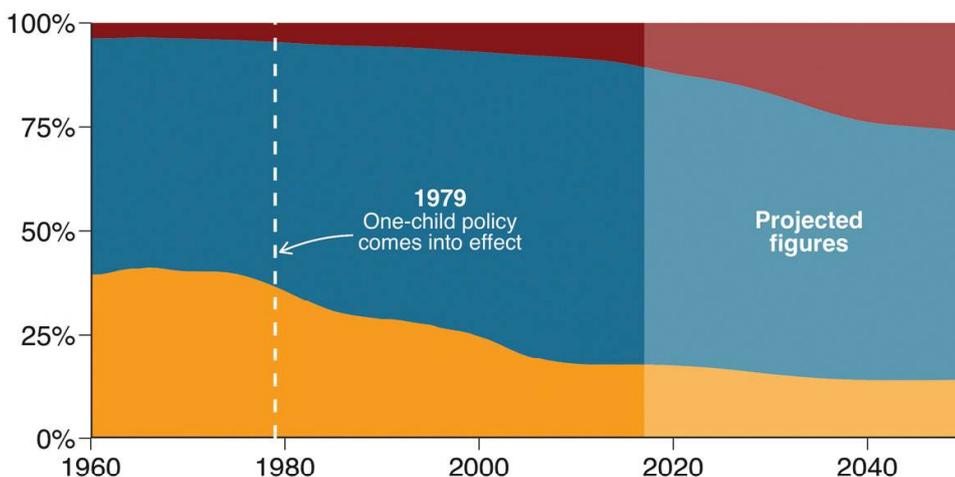
Beijing is likely to take great care in ensuring the Hong Kong national security law contains provisions to safeguard Hong Kong's rule of law and judicial independence, including how such law will be enforced. Great care is also being taken to educate the public that the vast majority of law-abiding citizens, including foreigners, would not see their daily lives affected. Indeed, the aim is that with the national security law in place, Hong Kong will become a safer and calmer place to live, to invest and to prosper.

Beijing and Hong Kong know that the world is watching. For now, as Mark Twain would have said, the report of Hong Kong's death is greatly exaggerated! ■

Breakdown of China's Population by Age Group

Proportion of total population (1960-2050)

0-14 years 15-64 65+



Source: The World Bank



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