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## Hong Kong: Recent Developments and U.S. Relations

The Hong Kong Special Administrative Region (HKSAR, or Hong Kong) is a city located off the southern coast of Guangdong Province, People's Republic of China (PRC or China). More than 90% of Hong Kong's population is ethnically Chinese. The first language of the vast majority is Cantonese, a variety of Chinese different from what is spoken in most of China. In part because of its different language and long history as a British colony (1842 to 1997), the people of Hong Kong ("Hong Kongers") have a cultural and social identity distinct from that of Mainland China ("Mainlanders"). This includes a legacy of *laissez-faire* economics and a common law legal system adopted from the British legal system, along with a passionate support for universal human rights.

After more than two decades under Chinese sovereignty, many Hong Kongers see this legacy being eroded by China's interference in the governance of Hong Kong. For critics of Chinese rule, the erosion of Hong Kong's political and economic autonomy, civil liberties, and rule of law threaten to undermine the city's economic prosperity and distinctive culture. Supporters of China's policies in Hong Kong view recent developments as forging closer ties with mainland China and generally benefiting the people of Hong Kong. The differing views of China's relationship with Hong Kong has led to a polarization of political views among Hong Kong residents.

In June 2019, discontent over proposed amendments to local extradition ordinances gave rise to widespread protests that have led to sometimes violent confrontations between the Hong Kong Police Force (HKPF) and some demonstrators (see CRS In Focus IF11295, *Hong Kong's Protests of 2019*). Demonstrations have been held every week since June 2019, and have continued into 2020.

### Hong Kong's Autonomous Status

During its time as a British colony, Hong Kong grew from a small fishing community into one of the world's largest international trade and financial centers. Much of that growth is attributed to the *laissez-faire* economic policies adopted by the colony's relatively autonomous governors, and the entrepreneurial skills of the local Hong Kong business community.

On July 1, 1997, sovereignty over Hong Kong reverted to China under the provisions of an international treaty—known as the "Joint Declaration"—negotiated between China and the United Kingdom in 1984. The residents of Hong Kong were afforded no direct role in the negotiations of the Joint Declaration that would determine their future. Under the terms of the Joint Declaration, Hong Kong is to "enjoy a high degree of autonomy, except in foreign and

defence affairs which are the responsibilities of the Central People's Government [the PRC government]."

To fulfill a Joint Declaration provision, China's National People's Congress passed the "Basic Law of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China" (Basic Law) on April 4, 1990. The Basic Law established an executive-led government, headed by a Chief Executive, a local legislature, the Legislative Council (Legco), and an independent judiciary, including a separate Court of Final Appeal. The Basic Law also states that the "ultimate aim" is to select the Chief Executive and all Legco members by "universal suffrage."

### Hong Kong at a Glance

**Population (2018):** 7.49 million (including 85,000 U.S. citizens)

**Area:** 1,082 square kilometers (418 square miles)

**Per Capita GDP (2018):** HK\$381,544 (US\$48,916)

**Life Expectancy (at birth, 2018):** Men—82.3 years;  
Women—87.7 years

**Leadership:** Chief Executive Carrie Lam Cheng Yuet-ngor

**Source:** Hong Kong Census and Statistics Department

The Basic Law also states that the HKSAR "shall enjoy a high degree of autonomy and come directly under the Central People's Government," and that "[t]he socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years" (through June 30, 2047). This arrangement is frequently referred to as "one country, two systems."

### U.S. Relations with Hong Kong

U.S. relations with Hong Kong are governed by the United States-Hong Kong Policy Act of 1992 (USHKPA; P.L. 102-383), which commits the United States to treating the HKSAR as separate from the rest of China in a variety of political, economic, trade, and other areas so long as the HKSAR remains "sufficiently autonomous." The act also states, "Support for democratization is a fundamental principle of United States foreign policy. As such, it naturally applies to United States policy toward Hong Kong. This will remain equally true after June 30, 1997."

In 2019, Congress passed three new laws pertaining to U.S. policy toward Hong Kong. The Hong Kong Human Rights and Democracy Act of 2019 (HKHRDA; P.L. 116-76) amends the USHKPA to require the Secretary of State provide an annual certification to Congress that Hong Kong remains sufficiently autonomous to warrant separate treatment from China, and to protect the ability of Hong Kong protesters to obtain U.S. visas. The HKHRDA also

requires the President impose sanctions on foreign persons “undermining fundamental freedoms and autonomy in Hong Kong,” and safeguard U.S. citizens and others from rendition to China. P.L. 116-77 prohibits the sale of certain types of U.S. riot control equipment to the HKPF for one year. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) designates “not less than \$1,500,000” for democracy programs for Hong Kong, and requires the Secretary of State provide Congress an assessment of PRC and HKSAR government efforts to “prevent free assembly and communications by the people of Hong Kong.”

U.S. merchandise trade statistics list Hong Kong as the 21<sup>st</sup> largest trading partner for the United States in 2018, with total trade of \$43.8 billion. The U.S. trade surplus with Hong Kong—\$31.1 billion—was its largest in 2018. According to Hong Kong’s Census and Statistics Department, 290 U.S. companies had their regional headquarters and another 434 had regional offices in Hong Kong in 2018.

## Recent Developments in Hong Kong

### Anti-Government Protests

Every week since June 9, 2019, tens of thousands of Hong Kong residents have demonstrated against the perceived erosion of their city’s “high degree of autonomy” and alleged misconduct by the HKPF. The Hong Kong government, led by Chief Executive Carrie Lam Cheng Yuet-ngor, and China’s central government have characterized the protests as “riots.” The HKPF has employed increasingly aggressive tactics to stop the protests, resulting in sometimes violent confrontations and allegations that its officers are violating international standards for responding to civil demonstrations.

### District Council Elections

On November 24, 2019, Hong Kong held elections for its 18 District Councils. In a record turnout in which 3 million people (71% of eligible voters) voted, pro-protest candidates won nearly 390 of the 452 contested seats, and took control of 17 of the 18 District Councils in which pro-government members previously had been the majority.

### Suppression of Political Expression

Since 2017, several candidates and political parties advocating more democracy or more autonomy for Hong Kong have been barred from running in Legislative Council (Legco) elections or been removed from office following their election (see CRS In Focus IF10500, *Hong Kong’s Legislative Council (Legco)*). In September 2018, the HKSAR government banned the Hong Kong National Party (HKNP), which advocates for Hong Kong independence. On December 17, 2019, Hong Kong’s High Court disqualified two pro-democracy Legco members, Au Nok-hin and Gary Fan Kwok-wai, who had won seats previously held by disqualified pro-democracy Legco members.

### Restrictions on Press Freedom

The Hong Kong Journalists Association (HKJA) stated in its annual report for 2018 that China’s increased focus on national security has “cast a shadow” over Hong Kong’s press freedom and has led to an increase in self-censorship.

China’s Liaison Office in Hong Kong has reportedly applied pressure on Hong Kong and foreign businesses to stop advertising in “pro-democracy” newspapers. In addition, individuals with alleged ties to Chinese security forces have physically attacked Hong Kong editors and reporters in China and in Hong Kong.

### Limits on Freedom of Speech

Chinese and HKSAR officials reportedly disapprove of and interfere with discussions of Hong Kong independence or self-determination, particularly at Hong Kong’s universities. In August 2018, China’s Ministry of Foreign Affairs asked Hong Kong’s Foreign Correspondents Club to cancel a speech by HKNP leader Andy Chan Ho-tin, a prominent independence advocate.

### Violations of Hong Kong’s Autonomy

According to some observers, Chinese security officials have operated in Hong Kong in violation of the Basic Law on at least two recent occasions. The first incident was the unexplained disappearance of publisher Lee Bo from Hong Kong in December 2015 and his equally unexplained reappearance in China’s Guangdong Province in January 2016. The second occurred in January 2017, when Xiao Jianhua, a Mainland-born billionaire, was removed from his apartment in Hong Kong and taken into Mainland China, apparently by Chinese security personnel.

### Challenges to Hong Kong’s Independent Judiciary

In 2014, China’s State Council released a “white paper” on “The Practice of the ‘One Country, Two Systems’ Policy” in Hong Kong. The document asserts that all HKSAR officials, including judges, must be “loyal to the country” and safeguard the nation’s sovereignty. Questions have also been raised about the selection and the timing of cases prosecuted by the Hong Kong Secretary of Justice, noting a pattern of filing charges against and seeking harsher penalties for pro-democracy protesters while dismissing cases of alleged abuse by HKPF officers.

### Resistance to Democratic Reforms

In 2014, China’s National People’s Congress Standing Committee issued a decision that would allow universal suffrage in the Chief Executive election if candidates were limited in number and effectively approved by China. The decision sparked the Umbrella Movement—a spontaneous, student-led protest—that occupied several of central Hong Kong’s streets for three months. On June 18, 2015, the Legco voted down a HKSAR government proposal to implement the decision because the nomination process was seen as too restrictive. On March 26, 2017, the 1,200-member Election Committee selected the pro-establishment Carrie Lam Cheng Yuet-ngor as Chief Executive.

### Congressional Activity

The 116<sup>th</sup> Congress passed three laws pertaining to Hong Kong in 2019. Another bill still pending, the Hong Kong Be Water Act (S. 2758), would require the President impose Global Magnitsky sanctions (visa ban and financial sanctions) on PRC or HKSAR government officials who have “knowingly suppressed or facilitated the suppression of the freedoms of speech, association, assembly, procession, or demonstration of the people of Hong Kong.”

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