The European Union and Hong Kong: beyond 1997

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OBJECTIVE: The aim of the communication is: - to draw attention to the consequences of the transfer of sovereignty over Hong Kong to China from 1 July 1997 for the EU and its numerous interests in the territory: - to sketch the likely evolution of EU-Hong Kong relations over the next few years. SUBSTANCE: The new status of Hong Kong is based on the principle of 'one country, two systems': the territory will be administered on the basis of a political, legal and economic system different from that of the rest of China. Hong Kong will become, from 1 July 1997, a 'special administrative region' (SAR) of China, with a high degree of autonomy in the economic and commercial sphere, but also in the legislative and judicial areas. The importance and extent of the EU's interests in Hong Kong are such that it will remain, especially in economic terms, a key partner in Asia, and will have a central place in EU-China relations. On the international plane, Hong Kong will continue to have a separate voice (in particular, within the WTO) and will have the right to sign international agreements in its fields of competence (essentially trade). With a view to ensuring respect for freedoms, the Chinese 'Basic Law' creating the SAR states that the rights and freedoms of the people of Hong Kong will be guaranteed. In this new context, the EU has a role to play in monitoring the smooth operation of the transition process from 1997 on: it intends to keep a watch on developments in Hong Kong through an appropriate and effective presence. 1997, far from signalling the downgrading of links with Hong Kong, should, rather, mark another step forward in the progressive enhancement of the ties between the EU and Hong Kong. The Commission proposes a number of strategic actions, based on the following considerations: - the EU should deal directly with the Hong Kong SAR as an international partner, and should maintain close and regular contacts (in particular, by stepping up the work of its Hong Kong office); - from the viewpoint of trade policy, the EU should continue to treat Hong Kong as a separate entity and as a major partner in the WTO: as an autonomous customs territory, Hong Kong will continue to have its own regime as regards rules of origin, the SGP, anti-dumping measures and textile quotas; - the EU should exercise close monitoring of the situation in Hong Kong and of respect for the rights granted to the citizens of Hong Kong under the SAR, working together with the international community and bringing EU instruments into play if necessary: the EU should analyse the situation at regular intervals and make active use of the existing institutions (common positions, joint actions, political dialogue, cooperation). The Commission intends to publish a report in 1998 on the evolution of relations with Hong Kong. - the EU should acknowledge that there is a possible case for granting visa-free access to persons living in Hong Kong, applying specific criteria (an admission facility should be defined, to be common to the Member States and reflect the interests of both Hong Kong and the Union); - the EU should explore ways to put trade, investment and cooperation relations between itself and the SAR on a more permanent footing, especially via the conclusion of formal agreements in areas such as financial cooperation, media, the environment, the development of SMUs and technological research; - the EU should develop active cooperation with Hong Kong as an Asian hub: in particular, the territory should be viewed as having, in the context of the fast-developing Asian continent, a leading role as special partner vis-à-vis the other countries of the region.