The European Union and Hong Kong: beyond 1997

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This report constitutes the Annual Report 2003 on Hong Kong SAR. The Commission states that the year was especially eventful for the Hong Kong SAR. Hong Kong was affected by its worse epidemic in decades, an outbreak of Severe Acute Respiratory Syndrome (SARS), which caused many economic losses and revealed some weaknesses in the health system. On the political side, after an unprecedented protest march that gathered half a million persons on July 1 and the resignation of the Chairman of the Liberal Party from the Executive Council, the Hong Kong Government withdrew its controversial 'Article 23' draft bill on national security on 5 September. The EU, which issued three statements expressing concern over the proposed legislation, and called for early progress towards universal suffrage in the latter statement welcomed the withdrawal of the bill. While the October District elections reflected public dissatisfaction with the government's handling of the national security bill and the SARS epidemic, the political debate rapidly shifted to democratisation of the Hong Kong political system, as a way to improve governance, and has since come to the forefront. In this context, the SAR Government had previously announced a timetable for the launching of a public consultation on constitutional development. The designation of a Task Force on constitutional development by the Chief Executive in January 2004 and the starting of a consultation process with the Central authorities of Beijing have however superseded these plans. At the same time, Hong Kong pursued further economic integration with Mainland China, notably through the signing of CEPA, a free-trade arrangement that will ensure access for Hong Kong products and services to the Mainland market ahead of China's WTO implementation timetable. The economy rapidly recovered from the consequences of the SARS outbreak and resumed encouraging growth in the second half of the year. EU-Hong Kong relations were marked by steady development and friendliness. Total bilateral trade slightly decreased to EUR 27.3 billion, but the EU remained Hong Kong's third largest trading partner and foreign investor. The EC-Hong Kong readmission agreement came into force in March 2004 and perspectives for further contacts in the field for migration bode well of the development of our cooperation. The European Commission welcomes the passage in 2003 of new legislation in mergers and acquisitions in the telecommunications sector, but remains concerned about the lack of general competition legislation in the SAR. Efforts in combating cross-boundary intellectual property rights violations also need to be intensified. The Commission welcomes the renewed dynamism of Hong Kong's people and its economy and is encouraged by the greater involvement of citizens in political life, something that was facilitated by the various civil movements which were active throughout 2003. The EU remains fully in support of the preservation of the specific status recognised for Hong Kong SAR under the 'One country, two systems'' principle, and the respect for human rights and freedoms enjoyed by Hong Kong citizens, as enshrined in the Basic Law. It is therefore to be hoped that early progress will be made towards the Basic Law's ultimate aim of election of the Chief Executive and Legislative Council by universal suffrage, bearing in mind the aspirations of Hong Kong people for further democratisation, as shown by the events of 2003.