The European Union and Hong Kong: beyond 1997

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In the 2004 Annual Report on the Hong Kong SAR, the Commission notes that, the “one country/two systems” principle, in 2004, was characterised by a trend towards greater influence of the Mainland authorities in the governance of the Territory. This is highlighted, in particular, with the election of the Chief Executive. Although, an estimated 100 000 people marched peacefully at the beginning of the year expressing their will to participate more in politics and government, the National People’s Congress decreed later in the year that only minor changes to the election system for the HK Chief Executive should be made, indicating that the move towards universal suffrage (an ultimate aim of the Basic Law) is being seriously undermined.

Notwithstanding these developments, orderly elections were held for the Legislative Council in September, which produced a record high turn-out, with 62% of voters supporting pro-democracy candidates. According to the Commission, the overall conduct of the elections was a testament to the political maturity of the SAR and showed that there is a sound base for further democratisation. Along a similar vein, Hong Kong civil society and the press continued to operate freely and became more critical during the year.

The report’s authors indicate that accountability within the HKSAR is strong and point to the often vociferous criticism many members faced throughout the year from the press and interest groups. The resignation of the Health Minister in the wake of a damning report on the handling of the SARS crisis, is testament to the growing sense of accountability, a key element in any democracy.

As far as the economy is concerned the economies of Hong Kong and China became more symbiotic, inter-dependant and convergent throughout 2004. Economic growth in 2004 was 8.1% for the year, unemployment fell, property and share markets rose, deflation was replaced by modest price inflation and the government deficit narrowed. Trade and financial flows between Hong Kong and the European Union continued to expand and deepen. The EU was Hong Kong’s third largest supplier of goods in 2004 after Mainland China and Japan and was the third largest market for HK exports after the US and Mainland China. In the financial sector and other services EU companies continue to play a leading and influential role.

A number of issues outstanding issues persist including the lack of a competition law in Hong Kong as well as the ongoing production of counterfeit goods originating in Hong Kong. For example, Hong Kong remains the third largest provenance of counterfeit goods imported into the EU. Although some IPR progress has been made over the past year, the Report concludes that, more needs to be done.

On a final point, high-level contacts between the EU and the Hong Kong authorities continued throughout 2004. In March 2004, Pascal Lamy visited Hong Kong. Also, the Commission welcomes the WTO agreement to hold the 6th Ministerial WTO Conference in Hong Kong in December 2005.