



THE SIX-MONTHLY REPORT ON HONG KONG

1 JANUARY TO 30 JUNE 2017

Deposited in Parliament by the Secretary of State for Foreign and
Commonwealth Affairs

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FOREWORD

This is the 41st in a series of reports to Parliament on the implementation of the 1984 Sino–British Joint Declaration on the Question of Hong Kong. It covers the period from 1 January to 30 June 2017, as well as some of the key events surrounding the 20th anniversary of the handover of Hong Kong on 1 July 2017.

Twenty years on, Hong Kong continues to be a vibrant and dynamic city. This success is built on many factors, including the talent, energy and commitment of the Hong Kong people. It also stems from Hong Kong's high degree of autonomy, as enshrined in the Sino–British Joint Declaration and Basic Law, centred on key freedoms, strong rule of law and an independent judiciary.

To mark the 20th anniversary, I made a statement to Parliament and released a video message. I congratulated the people of Hong Kong and sent my best wishes for a successful term in office to the new Chief Executive of the Hong Kong Special Administrative Region Government, Carrie Lam. I also referred to the Sino–British Joint Declaration, which remains as valid today as it did when it was signed by both the Government of the UK and of China over thirty years ago and lodged with the United Nations. It is a legally binding treaty registered with the UN, and continues to be in force. The UK Government is committed to monitoring its implementation closely. We have been unequivocal about our position on this issue both publicly and privately with the Chinese Government.

We judge that 'One Country, Two Systems' has generally functioned well since 1997. We can look back at Hong Kong's significant achievements over the last 20 years since the handover, and look forward to many more in the years to come. However, at the same time, we cannot ignore that important areas of the 'One Country, Two Systems' framework are coming under increasing pressure.

I therefore welcome President Xi's commitment to the continued implementation of 'One Country, Two Systems' as set out during his recent visit to Hong Kong. In line with this important commitment, it is essential that Hong Kong enjoys, and is seen to

enjoy, the full measure of its high degree of autonomy and rule of law enshrined in the Joint Declaration and Basic Law.

Looking forward, we remain committed to continuing to monitor developments in Hong Kong through this six-monthly report. We will raise concerns directly with Chinese and the Hong Kong Special Administrative Region Governments where this is necessary and appropriate, based on our role as co-signatory to the Joint Declaration. We do so in the firm belief that the ‘One Country, Two Systems’ framework, which has served Hong Kong so well, both in its letter and in its spirit, can continue to provide the Special Administrative Region with a prosperous, stable future. For that reason, we do not consider independence to be a realistic option for Hong Kong.

As the new Chief Executive takes up her role, the UK looks forward to working with her Government to deepen UK–Hong Kong relations. These relations continue to flourish across a very wide range of areas, including trade, investment, financial and legal services, education, science, culture, innovation and technology. We look forward to welcoming Mrs Lam to London during her next visit, where we will be able to discuss opportunities for the UK and Hong Kong to work even more closely together, internationally and bilaterally, as the UK prepares to leave the EU.

Rt Hon. Boris Johnson MP

Foreign Secretary

INTRODUCTION

This series of six-monthly reports reflects the UK Government's continued interest in developments in Hong Kong and our commitment to the faithful implementation of the 1984 Sino–British Joint Declaration on Hong Kong. In that declaration, the Chinese Government undertook that the Hong Kong Special Administrative Region (SAR) would enjoy a high degree of autonomy, except in foreign and defence affairs, and that the continuation of Hong Kong's social and economic systems, lifestyles, rights and freedoms would be guaranteed.

The current reporting period was dominated by the Chief Executive election in March and the visit of President Xi Jinping to Hong Kong from 29 June to 1 July to mark the 20th anniversary of the establishment of the SAR. This was his first visit to Hong Kong as President.

CHIEF EXECUTIVE ELECTION

Result

Former Chief Secretary Mrs Carrie Lam Yuet-ngor was elected as the SAR Government's fourth Chief Executive on 26 March, beating two other candidates. Mrs Lam received 777 votes in the first round of voting from the 1,194 members of the Election Committee; her closest rival, former Financial Secretary John Tsang, secured 365 votes. Retired Judge Woo Kwok-hing came third, with 21 votes. A spokesperson for the Hong Kong and Macao Affairs Office of the State Council said that the election of the Chief Executive of Hong Kong SAR was fair and that the newly elected Chief Executive met the established standards.

The Prime Minister, the Foreign Secretary, the Secretary of State for International Trade and the then-Foreign Office Minister for Asia and the Pacific all sent letters of congratulation to the Chief Executive-elect, signalling the UK's commitment to the ongoing success of Hong Kong, including 'One Country, Two Systems', and our interest in further enhancing our close ties.

Speaking after the election result in March, Mrs Lam identified “uniting society” as her top priority. She pledged to uphold core Hong Kong values of rule of law, an independent judiciary and clean government, and described her “duty to speak up on behalf of the people of Hong Kong”. Following her formal appointment in April, Mrs Lam said she would do her “utmost to lead the SAR Government in continuing to implement the principle of 'One Country, Two Systems', Hong Kong people administering Hong Kong and a high degree of autonomy strictly in accordance with the Basic Law, to serve the country and the city, and to live up to the expectations of the Central People's Government and the people of Hong Kong”.

Mrs Lam visited Beijing in early April, and was formally awarded the instrument of appointment as the Fifth-Term Chief Executive of the Hong Kong SAR by Chinese Premier Li Keqiang. She also met senior Central People's Government (CPG) officials, including the Chairman of the Standing Committee of the National People's Congress (NPCSC), Zhang Dejiang, the Director of the Hong Kong and Macao Affairs Office of the State Council, Wang Guangya, and President Xi Jinping.

Mrs Lam was formally inaugurated as Hong Kong's Chief Executive on 1 July 2017.

Election campaign

Article 22 of the Basic Law (Hong Kong's constitutional document) states that “no department of the CPG ... may interfere in the affairs which the Hong Kong SAR administers on its own in accordance with this law”.

During the election campaign period and immediately afterwards, there were widespread allegations of interference by the Central Government Liaison Office (CGLO). In early March, former head of the Hong Kong SAR Government Central Policy Unit and member of the Chinese People's Political Consultative Conference (CPPCC) Lau Siu-kai said that NPCSC Chairman Zhang Dejiang had made clear Beijing's preference for Mrs Lam during the annual ‘two sessions’ (‘Liang Hui’) meetings in Beijing. Media articles reported Election Committee members voicing concern about active and persistent lobbying by the CGLO to urge some members to support Mrs Lam. Media reported regular meetings between CGLO officials and

Election Committee members, and i-cable news broadcast what they alleged was footage of Mrs Lam's 'supporters' receiving payment for attending a rally. Lau Nai-keung, a member of the National People's Congress (NPC) Basic Law Committee, said "Without the help of the liaison office, would she be able to win that many votes?", but suggested such support should not be seen as interference as "Beijing has clearly stated support for Lam – it was unanimously passed by the Politburo".

Speaking in February, Mrs Lam told media that she believed it would be counterproductive if the public believed a "visible hand" was behind the election of the Chief Executive. Speaking again in late March, as Chief Executive-elect, Mrs Lam said that "she could not rule out" that the CGLO had played a role in her victory but that "whether you call this vote-canvassing, interference, being caring, or simply asking [the electors] about their stance, at this stage I can't really be sure". The CGLO put out a statement following Mrs Lam's election which noted that it was "glad to see the election strictly observing the Basic Law of the Hong Kong SAR, relevant decisions by the National People's Congress Standing Committee, and the election laws of the Hong Kong SAR" and that it was pleased to see the election "conducted lawfully in a fair, impartial and open manner, smoothly and orderly".

'ONE COUNTRY, TWO SYSTEMS'

In the run-up to the 20th anniversary, Chinese leaders, senior officials and prominent academics commented in a wide range of fora on the operation of 'One Country, Two Systems' and its interpretation. These statements included responses to calls by some in Hong Kong for independence or self-determination.

On 1 January, CGLO Director Zhang Xiaoming told China Central TV that the rise of "radical separatism" in Hong Kong should be faced head-on. He outlined three bottom lines: harming national security; challenging the authority of the central government and the Basic Law; and using the city as a base to infiltrate and subvert the mainland. President Xi Jinping also outlined these as "red lines" during his visit to Hong Kong in late June (see pages 10 and 11).

In March, the annual ‘two sessions’ or ‘Liang Hui’ took place in Beijing. In Premier Li Keqiang’s work report he said independence “will lead nowhere”. He also said Beijing would make sure that ‘One Country, Two Systems’ was applied “without being bent or distorted”. Chief Executive CY Leung said: “Under the Basic Law – and it’s also a political and constitutional reality – Hong Kong is part of China ... Hong Kong cannot and should not be an independent state.”

NPC Standing Committee member Maria Tam told media that, during a meeting with the Hong Kong NPC delegation, NPCSC Chairman Zhang Dejiang warned that Hong Kong should stop “wasting time” politicising issues and cautioned that Shenzhen could eclipse Hong Kong within a few years. Chairman Zhang had discussed three “points of awareness”. The first was the CPG’s approach to ‘One Country, Two Systems’ whereby the CPG would secure national interests, as well as the city’s prosperity and stability. Secondly, the national ‘bottom line’ could not be crossed. Thirdly, those running for election as Hong Kong deputies to the national legislature must pledge allegiance to the nation and declare that they do not receive foreign funds.

Zhang Dejiang also described the November 2016 NPCSC interpretation of the Basic Law (reported in the July–December 2016 six-monthly report) as one of the NPC’s top achievements and said that the interpretation “fully demonstrated the CPG’s resolve in upholding the ‘One Country, Two Systems’ principle and its firm stand against Hong Kong independence” .

In May, CGLO Director Zhang Xiaoming noted that those born around 1997 would “soon bear the responsibility of managing and building Hong Kong” but that they need to correctly understand ‘One Country, Two Systems’. Zhang Dejiang described the relationship between the CPG and the Hong Kong SAR Government as one of “delegation of power, not power sharing” and making clear that “under no circumstances should the CPG’s powers be confronted in the name of a high degree of autonomy”. Chairman Zhang said that the CPG “is responsible for supervising whether Hong Kong’s public officers uphold the Basic Law and whether they pledge allegiance to the country and to Hong Kong” before calling for further study on “implicit powers” that the CPG held over Hong Kong, such as that of instructing the

Chief Executive and assessing legislation reported by the Legislative Council (LegCo).

Responding, former legislator and pro-democracy activist Martin Lee described Zhang Dejiang's vision as "a completely different picture to what was depicted by Deng Xiaoping ... also the Sino-British Joint Declaration and the Basic Law". The Civic Party's Alvin Yeung said Chairman Zhang's comments would prompt questions such as "Who is the real chief executive from 1 July?", while Nathan Law, a legislator, thought the "One country, Two systems policy would only continue to be distorted". On 28 June, Joshua Wong said "that the Chinese Government failed to honour the promises made in the Sino-British Joint Declaration, depriving Hong Kong people of civil and political rights to free elections and democracy". He also commented that 'One Country, Two Systems' had turned into 'One Country, 1.5 Systems' over the past 20 years.

Speaking at her 1 July inauguration, Chief Executive Carrie Lam said that "the principles of 'One Country, Two Systems', Hong Kong people administering Hong Kong and a high degree of autonomy have been the foundations of Hong Kong's prosperity and stability". Mrs Lam committed to "do everything within [her] ability to implement the 'One Country, Two Systems' model, uphold the Basic Law, defend the rule of law and promote a deep and positive relationship between the Central Government and the Hong Kong SAR".

The UK Government's view is that respect for Hong Kong's high degree of autonomy and rule of law remain key to its success. We continue to take the view that the best way to secure the long-term future of 'One Country, Two Systems' is through a transition to universal suffrage which meets the aspirations of the people of Hong Kong, within the parameters of the Basic Law. Our view on Hong Kong independence remains as before: that independence is not a realistic option for Hong Kong and that the notion of a Hong Kong independent from China undermines the concept of 'One Country, Two Systems'.

President Xi's visit to Hong Kong

President Xi Jinping visited Hong Kong from 29 June to 1 July to celebrate the 20th anniversary of Hong Kong's return to Chinese sovereignty and to inaugurate the new Chief Executive, Carrie Lam. His programme included inspecting troops at the People's Liberation Army barracks, as part of the biggest military parade in the city since the 1997 handover, and visits to the construction sites of two projects which symbolise greater integration with the mainland: the Palace Museum site and the Hong Kong–Zhuhai–Macao Bridge.

President Xi made a number of speeches during his visit. In his speech at the inauguration ceremony on 1 July, he noted that “under the practice of ‘One Country, Two Systems’, Hong Kong has retained its previous capitalist system and way of life, and its laws have remained basically unchanged. The people of Hong Kong, now masters of their own house, run their local affairs within the purview of autonomy of the Hong Kong SAR.” He praised ‘One Country, Two Systems’ as the best solution to the historical question of Hong Kong and the best institutional arrangement to ensure Hong Kong's long-term prosperity and stability.

He committed to its application “without distortion” and said that “to uphold and implement the principle of ‘One Country, Two Systems’ meets the interests of the Hong Kong people, responds to the needs of maintaining Hong Kong's prosperity and stability, serves the fundamental interests of the nation, and meets the shared aspiration of all Chinese”. But he was also clear that: “In conducting day-to-day affairs, we must be guided by a strong sense of ‘one country’, firmly observe the principle of ‘one country’, and thus correctly handle the relationship between the Hong Kong SAR and the central government. Any attempt to endanger China's sovereignty and security, challenge the power of the central government and the authority of the Basic Law of the Hong Kong SAR or use Hong Kong to carry out infiltration and sabotage activities against the mainland is an act that crosses the red line, and is absolutely impermissible.”

Media noted that presidents at previous anniversary events had always included a reference to the aspiration in Hong Kong's Basic Law for the selection of the Chief

Executive and the Legislative Council by universal suffrage. There was no mention of democratic reform in any of President Xi's speeches.

Chinese Ministry of Foreign Affairs comments about the Sino–British Joint Declaration

On 29 June, the Foreign Secretary marked the 20th anniversary of the handover of Hong Kong with a written ministerial statement to Parliament on Hong Kong, and released a short video.

On 30 June, a spokesperson for the Chinese Ministry of Foreign Affairs (MFA) said: “It's been 20 years now since Hong Kong's return to the motherland, and the arrangements during the transitional period prescribed in the Sino–British Joint Declaration are now history and of no practical significance, nor are they binding on the Chinese central government's administration of the Hong Kong SAR.”

The Foreign Office Minister of State for Asia and the Pacific, Rt Hon. Mark Field MP met the Chinese Ambassador, Liu Xiaoming, on 5 July and discussed the Chinese MFA's comments. After the meeting, the FCO issued the following statement:

Minister of State for Asia and the Pacific, Rt. Hon. Mark Field MP, met the Chinese Ambassador on 5 July. They discussed the strong bilateral relationship between the UK and China, and the importance of Hong Kong's 'One Country, Two Systems' as the basis for its continued success.

The Minister made clear the UK Government's commitment to the Joint Declaration on Hong Kong, which is a formal Treaty between China and the UK. This declaration, registered with the UN, remains in force. As a consequence, the Minister did not accept the Chinese Government's position that this was purely an historical document.

Furthermore, as a guarantor of the Joint Declaration, the UK Government also regards it as legitimate that it continues to issue a six-monthly report to Parliament on Hong Kong affairs.

The National Security Adviser, Mark Sedwill, also raised our concerns with the Chinese Ambassador on 5 July. The British Embassy in Beijing has made various representations.

The UK Government has made clear to the Chinese Government its consistent and ongoing commitment to the faithful implementation of the Joint Declaration. Since these discussions, a senior official from the Chinese Ministry of Foreign Affairs has publicly clarified its position to some extent, explicitly recognising that the Joint Declaration remains an important document, registered with the United Nations, and commenting along the lines that it is not without binding effect.

OTHER SIGNIFICANT CONSTITUTIONAL ISSUES

Legal cases of legislators related to oath-taking/NPCSC interpretation

We reported in the last six-monthly report on the various judicial reviews of legislators stemming from events surrounding the swearing-in of legislators and subsequent NPCSC interpretation of the Basic Law. These cases were ongoing throughout the reporting period and we will continue to monitor them, including looking at the longer-term implications of the November 2016 NPCSC interpretation.

In April, disqualified legislators Baggio Leung and Yau Wai-ching were arrested for unlawful assembly which had allegedly occurred when they tried to force their way into the LegCo chamber in early November 2016 to re-take their oaths.

Although just outside this reporting period, four further pro-democracy legislators, elected in September 2016, were disqualified from LegCo in July over the manner in which their oaths were taken. We will report on this in more detail in the next six-monthly report.

Xiao Jianhua

In late January, it was reported that Chinese-born Canadian citizen Mr Xiao Jianhua left his apartment in a wheelchair with his head covered, accompanied by half-a-dozen unidentified men. Mr Xiao is the owner of the 'Tomorrow Group' and reportedly has close links to the CPG. Mr Xiao's wife is alleged to have reported his disappearance to the Hong Kong police, before withdrawing her complaint 24 hours later. In the days following his disappearance, the Ming Pao newspaper carried a full-page advertisement on its front page, purportedly from Xiao Jianhua, denying he had been detained, underlining his patriotism and claiming he was "receiving treatment overseas". The Tomorrow Group's social media accounts carried similar messages. Other media outlets quoted sources contradicting this and alleging that Xiao Jianhua was on the mainland.

On 4 February, Hong Kong Police Chief Stephen Lo Wai-chung told media that his police force continued to investigate the case but that he had seen "no evidence to suggest mainland law enforcement agents had acted on Hong Kong soil". Despite Police Chief Lo's statement, many in Hong Kong and internationally highlighted the numerous similarities between Xiao Jianhua's apparent abduction and the case of the Hong Kong booksellers, including British citizen Lee Po who was involuntarily removed from Hong Kong to mainland China in late 2015.

Chief Executive CY Leung appointed to the CPPCC

On 13 March, Chief Executive Mr CY Leung was elected to be Vice Chairman of the CPPCC. Mr Leung is currently the second Vice Chairman of the CPPCC from Hong Kong. The first was Mr Tung Chee-hwa, who was elected in 2005 after he had officially submitted his resignation from the post of Chief Executive. Some pan-democrats stated that the appointment went against 'One Country, Two Systems'. CPPCC delegate Timothy Tong said there was no issue with Mr Leung taking a dual leadership role, as the CPPCC was an advisory body covering issues other than Hong Kong. Twenty-six pan-democrat legislators wrote to the Chairman of the CPPCC urging him to consider the ongoing investigation into Mr Leung for alleged

misconduct (see below) before appointing him. In response, Mr Leung said that the Central People's Government was "well aware of the issue, and they have also taken legal advice. Therefore, there is no question of the Central Government failing to take into account the UGL matter when it considered me to serve on the CPPCC".

UGL Legislative Council Select Committee investigation

In 2016, a LegCo select committee was set up to look into alleged misconduct by Chief Executive Mr CY Leung over allegations that he failed to properly declare payments totalling HK\$50m (£5.2m) to him from engineering firm UGL in 2012 and 2013.

On 6 March, Mr Leung filed a defamation case against pan-democrat legislator Kenneth Leung for comments he made that the Chief Executive could be under investigation by Hong Kong or foreign tax revenue departments. Mr Leung subsequently demanded that Kenneth Leung withdraw from the Select Committee because he had a "direct and major" conflict of interest. Kenneth Leung said he had declared the defamation case to the committee and that all members had agreed he should stay.

A document on the scope of a LegCo Select Committee investigation was found to contain edits which came from the Chief Executive. On 16 May, Mr Leung confirmed that he had "made suggestions about the scope" of the Select Committee investigation into a pro-establishment member of the committee but denied any wrongdoing. On 8 June, 28 legislators put forward a motion to impeach Mr Leung for improperly intervening in the affairs of the Select Committee in dereliction of his constitutional duty under the Basic Law. The motion was vetoed.

In addition to an Independent Commission Against Corruption (ICAC) investigation into the original accusation of misconduct, on 16 June the South China Morning Post reported that an ICAC investigation into alleged interference in the Select Committee investigation had been opened. The ICAC said it would not comment on individual incidents. Simon Peh, head of the ICAC, confirmed that: "Regardless of the social status of the target, we will still investigate any case as long as the incident took

place in Hong Kong and is related to bribery, corruption and misconduct in public office.”

LEGAL AND JUDICIARY

Donald Tsang trial

On 17 February, former Chief Executive Donald Tsang was convicted of one count of misconduct in public office. Tsang was found guilty of failing to disclose his plans to lease a luxury flat from a major investor in a broadcaster that was later granted a licence from the Hong Kong SAR Government while he was leader. The jury dismissed a second misconduct charge, and could not reach a verdict on a charge of bribery. On 22 February, Justice Andrew Chan Hing-wai sentenced Donald Tsang to 20 months in jail, reducing an original sentence of 30 months after taking into account his good character and contributions to society. Justice Chan rejected the defence’s plea for a suspended sentence, and ordered a retrial for September 2017 for the bribery charge on which the jury had failed to reach a verdict.

Before sentencing, Mr Tsang’s lawyer had submitted more than 40 letters of mitigation to the court, including from former Chief Secretaries Anson Chan, Carrie Lam and Henry Tang, former Financial Secretary John Tsang, and Secretary for Constitutional and Mainland Affairs Raymond Tam. On 24 April, Mr Tsang was granted bail pending an appeal (the date had yet to be announced at the close of this reporting period). As he left the High Court building, Mr Tsang thanked the public for their support. He also thanked Correctional Services officers for being “fair” during his time in custody, and said the impartial treatment proved Hong Kong was a city that upholds the rule of law.

Mong Kok riot

In March, the first sentences related to the 2016 Mong Kok riot were handed down as three defendants were each sentenced to three years in prison. On handing down the sentences, Judge Sham Siu-man said the court “could not condone such violent behaviour” and believed that a deterrent sentence was needed. Further Mong Kok

related trials concluded throughout this reporting period. In April, a defendant found guilty of rioting and setting a taxi on fire during the violence received four years and nine months' prison time. Judge Anthony Kwok said he hoped the sentence would send a message to "radical young people" that, if they chose to challenge authority, they would have to be prepared to face the consequences.

Ken Tsang police assault trial

In 2016, Ken Tsang was found guilty of one count of assaulting police and two of resisting arrest during the 2014 'Occupy' protests, after which he was allegedly assaulted by seven officers. In February 2017, the seven accused police officers were convicted of assault occasioning actual bodily harm. All seven officers were sentenced to two years and six months' imprisonment, with their terms reduced to two years on account of their backgrounds. As he handed down the sentence, Judge David Dufton said that the court needed to "make an example" of the officers and that "the defendants damaged Hong Kong's reputation in the international community". All seven police officers have appealed their convictions and have been released on bail.

Following the sentencing of the police officers, Ken Tsang announced that he would withdraw his appeal against the five-week prison sentence he received for assaulting the police officers and resisting arrest. While serving his sentence, Tsang, a member of the Election Committee, became the first person to cast a vote in the Chief Executive election while in prison.

Reactions to the trial

The sentencing of the seven police officers proved controversial in Hong Kong. On 22 February, a reported 33,000 serving and former police officers gathered at the Police Sports Club in Mong Kok to protest. Many police officers, and members of the public, believed that the courts had been far harsher with the seven police officers than with protestors. The turnout was estimated to be the largest police protest since the 1970s, when the police protested the establishment of the ICAC.

On 27 February, the Secretary for Security addressed suggestions that the Hong Kong SAR Government should introduce a law on insulting the police. Mr Lai said: “all public officers who carry out their duties, including disciplined service officers and/or non-disciplined service officers ... should be respected”. He made clear that the SAR Government did not have any plans to enact such a law at this stage but would listen carefully to all views expressed.

Judge Dufton was subject to sustained online criticism and threats from pro-Beijing and pro-police groups. Some focused on Judge Dufton’s ethnicity. One member of the ‘Voice of Loving Hong Kong’ organisation told media that some judges were “indoctrinated with western values” which differed from the values of “Chinese society” in Hong Kong. Voice of Loving Hong Kong also called for court judgments to be in Chinese, claiming that the use of English demonstrated a “lack of respect” for ‘One Country, Two Systems’. The Justice Department responded to the attacks with a statement underlining that “there is no place for scurrilous attacks against judges made in bad faith, or conduct which is calculated to bring the administration of justice into disrepute”.

Commentaries in the Global Times and People’s Daily also criticised the Hong Kong SAR’s foreign judges. In early March, Professor Tian Feilong of Beihang University wrote in Ming Pao that “the number of foreign judges can be gradually decreased and their hiring can even be halted”. At the ‘two sessions’ meetings in Beijing in March, NPC Deputy Peter Wong Man-kong called for the NPCSC to conduct a comprehensive review of the Basic Law to see which parts should be amended, particularly the section on foreign-born judges. Deputy Wong’s comments drew widespread criticism in Hong Kong. Vice Chair of the Basic Law Committee and former Justice Secretary Elsie Leung said: “It’s to the advantage of Hong Kong that we should have judges from other jurisdictions.”

In an interview on 1 June, former Chief Justice Andrew Li said that foreign-born judges should be retained. He said: “I believe it is in the best interests of Hong Kong under ‘One Country, Two Systems’ to maintain this arrangement. First, it enables the court to benefit from comparative perspectives and experience. Second, this arrangement commands confidence in and outside Hong Kong, particularly our own

citizens. Thirdly, this arrangement is conducive to enhancing confidence in the independence of our judiciary.”

The Joint Declaration sets out clear provisions on public servants and members of the judiciary who had served previously in Hong Kong. These include that, following the establishment of the Hong Kong SAR, “public servants previously serving in Hong Kong ... and members of the judiciary may all remain in employment and continue their service ...”. The Joint Declaration also includes provisions for judges to be recruited from other common law jurisdictions. These are reflected in the Basic Law.

Arrests of pro-democracy activists

On 27 March, the day after the 2017 Chief Executive election, a number of high profile pro-democracy activists, including legislators, were arrested for their role in the 2014 Occupy protests. The timing of the arrests led to widespread concern that they had been arrested on politically motivated charges. Commentators speculated the arrests had been timed to avoid damaging support for Carrie Lam ahead of the election, or even that the arrests were ordered by outgoing Chief Executive Mr CY Leung as part of an effort to damage the incoming administration. Amnesty International questioned the timing of the arrests which they said raised “serious questions as to whether political maneuverings were a factor in the decision to bring charges now” and showed “contempt for well-established freedoms in Hong Kong and will only lead to more political tensions”.

Chief Executive-elect Carrie Lam told media that she was not aware of plans to make arrests. Speaking ahead of an Executive Council meeting, outgoing Chief Executive CY Leung denied the arrests had been politically motivated. He said the decision was made solely by the Secretary for Justice Rimsky Yuen and underlined that in Basic Law Article 63 “the question of prosecution rests entirely with the Department of Justice”. The cases are ongoing.

Arrests for protests about NPCSC interpretation

On 27 April, nine pro-democracy activists were arrested on a number of charges including unlawful assembly, obstructing the police, assaulting a police officer, and inciting others to cause disorder in a public space during November 2016 protests against the NPCSC interpretation that was about to issue on oath-taking. All nine had been arrested earlier in 2017 over the same incident but had been released without charge, leading to questions over whether the prosecutions were deliberately delayed by the Hong Kong SAR Government. The legal cases are ongoing.

Other cases of note

In April, legislator and Civic Passion member Cheng Chung-tai was arrested on charges of desecrating the Chinese and Hong Kong flags. The charges related to an incident inside the LegCo chamber in October 2016 when he inverted Hong Kong and Chinese desktop flags. Mr Cheng described his arrest and that of other legislators as a “general cleansing to clear all troubles for Carrie Lam before she takes office”.

BASIC RIGHTS AND FREEDOMS

NGO reports on Hong Kong

In January, Amnesty International issued their 2016 report on Hong Kong. Amnesty's assessment was that Hong Kong's human rights were at their worst level since the 1997 handover. The 'missing booksellers' case and the LegCo oath-taking issue were cited as key examples. Amnesty Chairperson Raees Baig said the decline in press freedom was also an area of concern: "... there are escalating cases of violence against reporters, and there are very confined spaces for press freedom or freedom of expression ... is this the worst year? I guess we can generally say yes."

Freedom House also reported in their Freedom in the World 2017 report that "Beijing's encroachment on freedoms" was a key driver of a downward trend in Hong Kong. The report gave Hong Kong a score of 61 out of 100 this year, two points down from 2016 – 0 being the least free and 100 the most free.

Marches and protests

Other than the protests described elsewhere in this report, the reporting period saw a number of marches and protests take place. Most passed off peacefully. The following are some examples of note.

The annual 1 January march saw several thousand people protest against attempts to disqualify legislators regarding the validity of their oath-taking.

The 4 June Tiananmen vigil took place as usual. Organisers suggested that 110,000 people participated, though acknowledged that turnout was the lowest since 2008. Many of Hong Kong's student unions had announced in advance their intention to boycott the event for a second year. Following the vigil, approximately two hundred protestors, including activists Joshua Wong and 'Long Hair' Leung Kwok-hung, marched to the CGLO building to demand the release of political prisoners and human rights lawyers held on the mainland.

On 28 June, 26 pro-democracy activists were arrested at Golden Bauhinia Square after staging a short sit-in ahead of President Xi's visit. The group included a number of activists from Demosisto (a political party which advocates self-determination), legislators Nathan Law and 'Long hair' Leung Kwok-hung. They were eventually released on 29 June. League of Social Democrats' Avery Ng said party members were followed by police and that at least two of the arrested members were tailed by "unmarked vehicles" and "thugs" upon release.

On the morning of 1 July, a group of protesters who had gathered for the annual march to the flag-raising ceremony was forced to abandon the march when, they claim, an unregistered group of around one hundred pro-Beijing protestors attacked them. The police arrested three men for assault and took 33 people away from the scene "to protect the personal safety of those participating in public events, to recover social order as soon as possible, and to prevent the situation worsening". Activists Avery Ng and Figo Chan have since lodged complaints of alleged police assault after being handcuffed and dragged into police vans. All protestors were released. The police confirmed that its Complaints Against Police Office received the complaints, and that they would be handled fairly in accordance with procedures.

The annual pro-democracy march on the afternoon of 1 July drew the lowest turnout since 2003, with police estimating 14,500 people at its peak and organisers claiming that 60,000 attended. The main theme of the protest was 'Reclaim Hong Kong, Democratic Self-determination'. The protest was peaceful with no incidents reported. However, there were complaints when the traditional location for the starting point of the march, the soccer pitches in Victoria Park, were booked by a pro-Beijing group for an exhibition on China's space achievements. The march started from an alternative, smaller location in the same park.

Lesbian, gay, bisexual and transgender rights

On 28 April, the High Court ruled that the government had discriminated against a gay civil servant by depriving him of benefits given to other married civil servants. Judge Anderson Chow said this amounted to discrimination, indirectly, on grounds of his sexual orientation. The judge said there was nothing illegal or unlawful in the

Secretary for the Civil Service recognising or giving spousal benefits to homosexual couples legally married under foreign laws. He also dismissed the government's argument that the Secretary's decision was to uphold the integrity of the institution of marriage "as understood in Hong Kong".

On 25 May, the Hong Kong SAR Government announced that it would challenge the High Court ruling following a petition from four pro-establishment lawmakers and an outcry from religious groups. At the end of this reporting period the appeal case was still ongoing.

Press freedom

We continued to monitor the various issues surrounding Hong Kong's media. On 20 January, the International Federation of Journalists (IFJ) published their ninth China press freedom report: *Strangling the Media: China Tightens its Grip*. The report described some Hong Kong media outlets as becoming "partners" of the CPG as well as noting the CGLO's "continuous intervention in media's editorial decisions". The report also detailed the establishment of pro-Beijing media outlets by the CPG and local business "to fill the gap left by struggling print media". In February, the IFJ also raised concern at the apparent harassment of staff at the Sing Pao newspaper, following Sing Pao's publication of a number of commentaries criticising senior CPG figures involved in the administration of Hong Kong.

In April, a Hong Kong University 'Public Opinion Programme' poll suggested that people in Hong Kong were more confident in media freedoms compared to seven months previously. The poll also showed that more than half of respondents believed the Hong Kong media were self-censored. Also in April the annual Reporters Without Borders (*Reporters Sans Frontières*) (RSF) Index showed Hong Kong had fallen four places since 2016, to 73rd place. RSF said "The media are finding it more and more difficult to cover sensitive stories about the Hong Kong SAR Government and mainland China, and the need to protect their editorial positions from Beijing's influence is increasingly noticeable."

UK–HONG KONG BILATERAL RELATIONS

UK relations with Hong Kong continued to develop and deepen over a wide agenda during this reporting period.

The Secretary of State for International Trade and President of the Board of Trade, the Rt. Hon. Liam Fox MP, visited Hong Kong from 3 to 5 January. The Secretary of State met the then-acting Financial Secretary, Professor K C Chan, and the then-Chief Secretary, Carrie Lam, to discuss the UK's future trading relationship with Hong Kong. The then-Economic Secretary to the Treasury, Simon Kirby MP, the Minister of State for Transport Legislation and Maritime, the Rt. Hon. John Hayes CBE MP, and the Lord Mayor of the City of London, Alderman Dr Andrew Parmley, also visited Hong Kong during this reporting period.

The Secretary for Justice, Rimsky Yuen, the then-Secretary for Food and Health, Dr Ko Wing-Man, the then-Secretary for Transport and Housing, Professor Anthony Cheung and the then-Secretary for Education, Eddie Ng, all visited the UK during this reporting period.

Investment from Hong Kong continued to flow into the UK during this reporting period. Major investments included a £1bn investment by Knight Dragon in a new station development in the Greenwich Peninsula site, and Far East Consortium (a leading regional conglomerate with property development, hospitality and car parking ventures) being awarded the £1bn Northern Gateway development in Manchester. Financial Technology (FinTech) companies have also continued their drive into London with Kami Intelligence, an artificial intelligence business, setting up in London and Belfast.

UK companies also continued to support the Hong Kong SAR Government's ambitious infrastructure programme and form part of the many teams delivering the airport, highway and rail expansions, the new West Kowloon Cultural District, the new sports stadium, and healthcare, life sciences and education. The UK Department for International Trade (DIT), supported by a GREAT business delegation, attended Hong Kong's Hospitality and Food Exhibition as a country

partner. Business successes during this reporting period also included the museum and creative sectors and the establishment of the University of Sunderland's Hong Kong campus.

DIT also arranged a number of trade missions to Hong Kong covering food and beverages, healthcare and the creative industries. Hong Kong delegations have attended creative, security and education conferences and trade shows in the UK.

CONCLUSION

This series of six-monthly reports to Parliament reflects the importance that the UK Government attaches to the continued faithful implementation of the Sino–British Joint Declaration on Hong Kong.

We assess that ‘One Country, Two Systems’ continued to function well, generally, during the reporting period. However, we recognise that there are some areas which are coming under increasing pressure.

During this reporting period, developments which demonstrate this pressure include: further reports of mainland security officials operating within the SAR; reports of CGLO increasing their influence in Hong Kong; and continuing concerns about the exercise of some of the rights and freedoms guaranteed by the Joint Declaration and Basic Law.

It remains the UK Government’s view that, for Hong Kong’s future success, it is essential that Hong Kong enjoys, and is seen to enjoy, the full measure of its high degree of autonomy and rule of law as set out in the Joint Declaration and enshrined in the Basic Law, in keeping with the commitment to ‘One Country, Two Systems’. The UK Government also believes that renewed dialogue on political reform would further support stability and prosperity in Hong Kong.

LIST OF ABBREVIATIONS

CGLO	Central Government Liaison Office
CPG	Central People's Government
CPPCC	Chinese People's Political Consultative Conference
DIT	Department for International Trade
FinTech	Financial Technology
ICAC	Independent Commission Against Corruption
IFJ	International Federation of Journalists
LegCo	Legislative Council
MFA	Ministry of Foreign Affairs
NPC	National People's Congress
NPCSC	Standing Committee of the National People's Congress
RSF	Reporters Without Borders (<i>Reporters Sans Frontières</i>)
SAR	Special Administrative Region