

## **Hong Kong 1997-2007: a personal perspective**

**By Sir Robin McLaren**

Hong Kong was and is unique among British colonial territories. The great majority of them won or were given their independence in the second half of the last century and are now members of the United Nations. A handful hang on as dependent territories, too small, too poor or too distrustful of powerful neighbours to be viable as independent states. Independence was never an option for Hong Kong; it was always clear that its future lay with China. But when, how and under what conditions was the territory to be returned to the embrace of the mainland?

These and related questions were the subject of more than two years of negotiations, resulting in the signature of the “Sino-British Joint Declaration on the Question of Hong Kong” towards the end of 1984. The date of the handover – 1 July 1997 – was incorporated in that agreement. It was chosen because it was the date when the 99-year lease on the New Territories, the greater part of Hong Kong, was in any case due to expire. The intervening period, nearly 13 years, was taken up with further negotiations, in a special Sino-British group to settle the detailed implementation of the Joint Declaration, and lengthy deliberations between Chinese officials and representatives of Hong Kong people to determine how the provisions of the Joint Declaration were to be incorporated into Chinese Law. If those processes and the time devoted to them are not unique, I don’t know what is.

I had the good fortune to be a member of the official British delegation for the handover ceremonies and associated events at the end of June, 1997. Needless to say, who was to do what, when and where also had to be agreed between the two sides. My collection of invitations, accreditation badges, admission cards, programmes and speech texts bears witness to the complexity of the arrangements. Most of the earlier events were British ones, including the Queen’s Birthday reception at Government House; a reception on board H M Yacht Britannia (making her final public appearance in that capacity) hosted by the Prince of Wales; and most notably a British “farewell” performance held in the open on a vacant site at East Tamar when heavy rain fell throughout, leaving all but the most exalted guests to get through the rest of the evening thoroughly soaked. The carefully choreographed handover ceremonies, with invitations in the name of both governments, were jointly organised, while invitations to subsequent events came from the Chinese Government or the Government of the new Hong Kong Special Administrative Region (SAR).

As might be expected, the British contingent maintained a dignified front throughout. But there were cracks beneath the surface. Sir Percy Cradock, whose contribution to the success of the whole enterprise was second to none, was not included in the British official party, and indeed was not present. This was ungenerous if understandable in the light of the history (Sir Percy had been publicly critical of the UK government’s approach to China following Chris Patten’s appointment as governor in 1992). And some senior figures on the British side, including government representatives, boycotted the ceremony

for the establishment of the Hong Kong SAR and the inauguration of its government. This was because no agreement had been reached between the two sides on the composition of the post-handover legislature, and the Governor and Ministers wished to make a political point. For those who took a different view, the establishment of the SAR and the swearing in of its government were important symbols of the “high degree of autonomy” which lay at the heart of the Joint Declaration settlement.

The dispute between the British and Chinese governments over elections dominated my time as ambassador to China during the first half of the 1990s. The points at issue were not always easy for outsiders to follow and may seem arcane now. They revolved around the question of whether the last Legislative Council to be elected under British administration would become, unchanged, the first legislature of the new Special Administrative Region of the People’s Republic – the so-called “through train”. But the real significance of the dispute lay in the way in which it divided opinion in Hong Kong and in Britain, between those who believed that the Governor had made a courageous stand in favour of greater democracy in Hong Kong, and those, many of them in the business community, who thought that his actions had aroused Chinese ire and derailed the through train without bringing any worthwhile gains.

The battles over elections lay in the past in the run-up to the handover, but they left suspicions about Chinese intentions that were slow to fade. There were, for example, worries in some quarters that the People’s Liberation Army might march into Hong Kong on July 1 in an intimidating show of force, or that the Chinese might adopt a heavy handed “we are the masters now” approach. These concerns were not shared by those who had been involved in the detailed negotiation of the Joint Declaration settlement. If the Chinese did not intend to hold to their promises, why would they have gone to so much trouble to spell them out in an international treaty? The reason why they did so is not hard to discern: they had become convinced that preserving “the stability and prosperity of Hong Kong” (a Chinese mantra) was a fundamental Chinese interest, and that maintaining the existing systems unchanged was the right way to go about it. They also hoped to persuade Taiwan to follow the same path to reunification

I retired from the Diplomatic Service in 1994 and thereafter had no further official involvement in matters concerning China and Hong Kong. But I took on some business appointments which have enabled me to return to the SAR from time to time, and I have kept in touch with old friends inside and outside Hong Kong government circles. So I have had opportunities to follow developments as a detached but interested observer.

The financial typhoon that swept through South East Asia in 1997 and 1998 affected the Hong Kong stock market as much as any of the regional markets. But the structural measures put in place by the Hong Kong authorities strengthened what was already a strong system. The markets gradually recovered, and Hong Kong has had no serious difficulty in riding out the periodic storms that followed. The point here, one that my British business colleagues quickly appreciated, is that the Hong Kong measures were taken with the full cooperation of the Chinese government but not at its dictation.

The economy suffered nonetheless, and the SAR's first Chief Executive, Tung Chee-hwa was blamed by many for the belt-tightening that was necessary. It did not help that Mr Tung came from a business background and preferred to rely on a small coterie of advisers to help him make decisions rather than the Rolls-Royce civil service inherited from the British. His successor as Chief Executive, the career civil servant Donald Tsang has so far had an easier ride. The economic background has been more benign and Sir Donald (he was awarded the title for his services under the British) has enjoyed better relations with the civil service and higher public ratings.

It is a truism to say that Hong Kong has changed greatly in the past 10 years. Yet few of the changes have been the consequence of the end of British administration. The Chinese national flag flies discreetly in place of the union flag; the Prince of Wales building, where the British garrison had its headquarters, has (after an interval of some years) been renamed the headquarters of the local garrison of the People's Liberation Army; and the post boxes have been repainted green to conform with mainland practice. But continuity has generally been the watchword. Street names have remained unchanged (most of the population who use the Chinese transliterations are unaware that many of them commemorate long dead colonial officials). And the Hong Kong Yacht Club has kept its "Royal" prefix, though other institutions, including the Hong Kong Jockey Club have given up theirs. I recall expressing the hope, in conversation with a senior Chinese negotiator during the Joint Declaration talks, that there would be no Latin-American style name changes after the handover. "That will be a matter for the local authorities", he said. It would be no concern of the central Government.

Business associates who have been visiting Hong Kong regularly over the years have mostly been reassured by the absence of change, the familiarity of the place. Some have noticed a more "Chinese" atmosphere, citing among other things the much greater number of (instantly recognisable) mainland visitors. And there have been occasional stories of hostility, or something akin to it, towards foreigners. (I myself know a young British lawyer working for one of the bigger banks who noticed that Chinese colleagues started chatting among themselves in Cantonese when he entered a room, even though they had previously been conversing in English.)

Hu Jintao and other top Chinese leaders are due to descend on Hong Kong to celebrate the 10<sup>th</sup> anniversary of the handover, an advance guard of two giant pandas having already arrived as a gift to the Hong Kong people. This will be a Chinese occasion in which nostalgia will play no part: British and other foreign dignitaries are unlikely to be invited. There may be aspects of the celebrations which will arouse distaste among the fastidious abroad and even among some in Hong Kong. But patriotic sentiments will be to the fore, and with good reason. By and large Hong Kong people can look to the future with confidence. The embrace of the motherland has not been stifling. The Beijing authorities have acted with restraint, even when things have happened in Hong Kong which must have caused furrowed brows. (These include pro-democracy marches and the shelving of national security legislation required by the SAR's mini-constitution in the face of popular resistance – sensitive areas for Chinese leaders). The rule of law prevails (British QCs continue to appear regularly in Hong Kong courts, and judges from other

common law jurisdictions sit on the Court of Final Appeal). Freedoms of speech and of the press have been upheld. Concerns about self-censorship have surfaced from time to time, but Hong Kong continues to compare favourably with Singapore in that respect.

Of course there are problems. Some of them relate to the unrelenting pressure of people, and the astonishing vigour of the place. The shortage of land for development is as acute as it was under British rule. The harbour has steadily become narrower, its shores pressed ever closer by new reclamations. Old landmarks have disappeared. Environmental worries have become front page news, with air quality at the top of the list. I know at least one Hong Kong-based fund manager who has relocated to Singapore for the sake of the health of his young family.

In short, Hong Kong is still very much Hong Kong. The distinctive features which were the foundation of the territory's success have not been significantly eroded and the Chinese interest is still in preserving them. Yet there are a few clouds on the horizon. If Hong Kong has changed over the past 10 years, so has China. With their innumerable skyscrapers, their glitzy shopping malls and their ever more hi-tech factories, Shenzhen and the cities of the Pearl River delta have become more like Hong Kong, superficially at any rate. What the mainland still lacks is a legal and judicial system which embodies the rule of law, and it is here that Hong Kong's comparative advantage will continue to lie. More than anything else, it is this that enables the SAR to maintain its status as an international financial centre, for the region and for China.

There are those who believe that Shanghai presents an increasing threat to Hong Kong's international position. I am not one of them. Given the pace of China's development there is no need to think in terms of competition between these two great cities: there is room for both. But Hong Kong must look to its laurels. International companies must have confidence that they can rely on the territory to provide what they need to do business: clean and effective government, a level playing field, a pool of potential employees with the right skills, including good English, and all the necessary facilities.

And one final thought. The interests of Hong Kong and its people are probably best served if the territory's affairs seldom appear on the agenda for meetings of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party.

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