Introduction

1. This submission is intended to inform the Foreign Affairs Committee’s Inquiry into UK Government policy on the UK’s relations with Hong Kong 30 years after the signature of the Sino-British Joint Declaration. It follows the structure of the Committee’s call for evidence.

The Joint Declaration

2. The Sino-British Joint Declaration was signed on 19 December 1984 and registered in 1985 with the United Nations ‘treaties and international agreements’ (No. 23391). The agreement between the UK Government and the Government of the People’s Republic of China paved the way for the return of Hong Kong to Chinese sovereignty on 1 July 1997. It is a legally binding treaty, registered with the UN, setting out the obligations for the UK and China respectively.

3. In the Joint Declaration, China made a number of detailed commitments regarding the administration of Hong Kong, including that “the Hong Kong Special Administrative Region shall enjoy a high degree of autonomy” and that it will be “vested with executive, legislative and independent judicial power”. There was also the commitment that the capitalist system, lifestyle and rights and freedoms held in Hong Kong would remain unchanged for 50 years under Chinese rule. This arrangement is popularly referred to as ‘One Country Two Systems’. Britain committed to administer Hong Kong up to 30 June 1997 with the object of maintaining and preserving its economic prosperity and social stability; and to restore Hong Kong to Chinese sovereignty with effect from 1 July 1997.

The Basic Law

4. The Basic Law is the constitution of the Hong Kong Special Administrative Region (SAR). It is based on, and develops in more detail, China's policies for Hong Kong as set out in the Joint Declaration, which itself foresees the enactment of the Basic Law. It provides for the establishment and operation of the necessary legislative, executive and judicial bodies in the Hong Kong Special Administrative Region. It is a Chinese law, promulgated by the Chinese parliament, the National People's Congress, and does not entail obligations on the part of the United Kingdom.

UK monitoring of the Joint Declaration and Basic Law

5. As the late Rt Hon Robin Cook MP, the then Foreign Secretary, noted in the July 1997 Six Monthly Report and other government ministers have repeated since, “the end of
British sovereignty and administration does not mean the end of British commitment to Hong Kong. We retain a strong political and moral responsibility towards its people as well as an important stake in Hong Kong’s continuing success.”

6. The Government is committed to monitoring closely the implementation of the Joint Declaration in Hong Kong. The Joint Liaison Group was established under the Joint Declaration to provide a mechanism for the UK and China to conduct consultations on the implementation of the Joint Declaration and facilitate the smooth transfer of government in 1997. It held its first meeting in May 1985 and its final meeting in December 1999 as its mandate ran until 1 January 2000. Since then, the FCO, primarily through the British Consulate General in Hong Kong, has continued to monitor and report on political and economic developments in Hong Kong in line with the Joint Declaration.

7. In so far as the Basic Law is intended to give effect to the Joint Declaration, HMG also takes an interest in its application. HMG ministers and officials in Hong Kong meet regularly with Hong Kong legislators, the judiciary and senior figures in the Central People’s Government and the Hong Kong Special Administrative Region Government, all of whom have a responsibility for monitoring and implementing the Basic Law. The UK Government also engages with representatives of civil society and business. Views and opinions of stakeholders are reflected in reporting and analysis.

**Six Monthly Reports to Parliament**

8. The principal method of reporting on the implementation of the Joint Declaration is through the Six Monthly Reports on Hong Kong, which are submitted to Parliament by the Foreign Secretary. These reports were introduced in 1997 to replace the annual report on Hong Kong initiated by the then Foreign Secretary, Rt Hon Sir Geoffrey Howe MP, in 1986. The purpose of the reports is to keep Parliament informed of major developments in Hong Kong, in particular regarding the implementation of the Sino-British Joint Declaration and the operation of the ‘One Country Two Systems’ model.

9. The Six Monthly Report is a narrative of developments in Hong Kong during the reporting period. It also sets out the UK position on significant issues of interest or concern. For example, the most recent report contained comment on various issues including constitutional reform, freedom of the press and the rule of law. Many, including academics, NGOs and other foreign missions in Hong Kong use the Six Monthly Reports as a source of information. The reports are also read by officials and key decision makers in Hong Kong and Beijing.

10. The latest Six Monthly Report, covering the period January-June 2014 notes that ‘One Country Two Systems’ continues to work well in general, and that the rights and freedoms enshrined in the Joint Declaration continue to be upheld. Specific evidence of the success of ‘One Country, Two Systems’ includes:
• An independent judiciary.
• Direct and active participation in political decision making by a number of different political parties.
• The freedom of Hong Kong people to participate in regular peaceful protests.
• Activity of a vibrant and engaged civil society.

Implementation of the Joint Declaration

11. Upon resumption of Chinese sovereignty of Hong Kong on 1 July 1997, the new Hong Kong Chief Executive dissolved the Legislative Council (LegCo) elected in 1995 which was viewed by the Central People’s Government as incompatible with the Basic Law. This was replaced with a provisional legislature that had been previously chosen in 1996 by a 400-member Selection Committee. HMG did not agree that there was a need for a Provisional LegCo. In the 1996 Annual Report on Hong Kong, the then Foreign Secretary reminded China that “it had a clear duty to return as soon as possible to an unambiguous compliance with the Joint Declaration”. LegCo elections were held in May 1998, with a fully elected legislature taking office on 1 July 1998. HMG noted in the July – December 1998 Six Monthly Report that “the Joint Declaration is being properly upheld”.

12. In the FCO’s regular Six Monthly Reports since 1998, we have not assessed that there have been any breaches of the Joint Declaration. However, there have been occasions on which HMG have expressed concerns, most notably in 2002-3 regarding national security legislation proposed in 2002 under article 23 of the Basic Law.

13. Specifically, HMG had concerns about whether the proposed national security legislation was compatible with the rights and freedoms guaranteed in the Joint Declaration. HMG raised these concerns on numerous occasions, with representatives from the Hong Kong SAR Government and the Central People’s Government. For example, the then Foreign Secretary discussed this with Chinese Vice Premier Qian Qichen and Hong Kong Chief Executive CH Tung in July 2002. On 5 September 2003, the Hong Kong SAR Government withdrew the proposed legislation. The July-December 2003 Six Monthly Report concluded that “generally ‘One Country Two Systems’ is working well and the rights and freedom promised in the Joint Declaration and Basic Law continue to be upheld”.

Chinese State Council White Paper


15. Concerns were expressed that the White Paper (the first since 1997) marked a change in policy towards Hong Kong and, in particular, that it threatened Hong Kong’s high degree
of autonomy. The apparent categorisation of the judiciary as part of the machinery of government and the requirement for judges to be patriotic were cited as cause for concern. We note the assurances by both the Central People’s Government and the Hong Kong Special Administrative Region Government that the paper does not mark a change in policy.

16. It is the Government’s assessment that the White Paper has not undermined judicial independence or breached the 1984 Sino-British Joint Declaration. The White Paper reiterates China’s commitment in the Joint Declaration that Hong Kong will enjoy a high degree of autonomy, noting that the Hong Kong SAR “fully exercises its administrative, legislative and independent judicial power, including that of final adjudication”. The independence of Hong Kong’s judiciary has been and continues to be key to Hong Kong’s success.

Press Freedom

17. The Hong Kong Journalists Association and other commentators have expressed concerns at what they perceive to be a steady decline in press freedom in Hong Kong. HMG believes, as reiterated in our most recent Six Monthly Report, that freedom of expression, including of the press, has played an important role in Hong Kong’s success. It is one of the fundamental freedoms protected by the Joint Declaration. As such, we take seriously concerns about press freedom, including fears about self-censorship. We welcome statements by the Chief Executive expressing his clear support for press freedom and we will continue to monitor the situation closely and raise our concerns as necessary.

Call for evidence: the UK Government’s relationship with the Hong Kong Special Administrative Region Government

18. Since the handover, the UK Government and Hong Kong Special Administrative Region Government have forged close links. Our close relationship and the strong two-way trade and investment flows demonstrate that Hong Kong remains one of the UK’s most important international partners. We cooperate with the Hong Kong Special Administrative Region Government on a variety of policy issues including: financial services; education; climate change; cyber security; healthcare; transport; and law enforcement. We also work to support rights and freedoms, the rule of law and democracy.

19. The UK and Hong Kong have constructive dialogue on international trade and economic issues. Hong Kong is an important ally on free trade and resisting protectionism. At the World Trade Organisation, Hong Kong, like the UK, is participating in plurilateral negotiations towards agreements on Trade in Services and Green Goods. The UK also values Hong Kong’s expertise on trade and investment cooperation with mainland China, particularly the rapidly integrating Greater Pearl River Delta region.
20. Hong Kong and the UK, especially the City of London, have long benefited from a close relationship around financial services. Financial centres share a common legal framework and the difference in time zones allows them to complement one another’s activities as well as compete for business. In policy terms, the most successful area of financial services cooperation in recent years has been the internationalisation of the Chinese currency, the RMB. Hong Kong has led the world as the foremost and largest offshore RMB market since the first liberalisation measures were enacted by the Central People’s Government in 2004. In the last three years, London has become the second largest hub for RMB activities and trading. Direct collaboration and close ties between Hong Kong and London have been vital to this transformation.

21. In January 2012, the Chancellor of the Exchequer, George Osborne and the then Chief Executive of Hong Kong, Donald Tsang, announced the creation of the London-Hong Kong RMB Forum. This private-sector led Forum was designed to bring together the City of London’s RMB initiative, the Hong Kong Monetary Authority and HM Treasury to agree a programme of work that would support the development of the offshore RMB market and promote use of the RMB by corporate entities in both centres. The Forum has since met two further times, with the fourth meeting planned to take place in London on November 12th 2014. Its participants have discussed and agreed joint action plans on a wide range of matters pertaining to the RMB market, including the supply of liquidity, payments and settlements, the development of new financial products and market services.

22. The Home Office, through its Risk and Liaison Overseas Network (RALON) works closely with the Hong Kong Immigration Department. This has enabled the effective detection, investigation and prosecution of Organised Immigration Crime (OIC) groups working in or through Hong Kong to the UK. Hong Kong International Airport is a major regional hub where, historically, OIC groups have sought to move people to the UK illegally. The deterrent effect of working together, with close cooperation, shared intelligence, and joint investigations, has led to a reduction of more than 50% of potential immigration offenders attempting travel from/through Hong Kong to the UK.

23. HMRC Fiscal Crime Liaison Officers in Hong Kong co-operate with the Hong Kong Customs and Excise Department in combating counterfeit and contraband cigarettes being smuggled from Mainland China to the UK and wider EU. They also work closely with Hong Kong Customs in combating fiscal fraud, associated money laundering and the recovery of criminal related assets.

24. The UK and Hong Kong have good bilateral relations, with a number of high-level political and parliamentary visits in both directions. In the past year, the Chancellor of the Exchequer, the then Foreign and Commonwealth Office Parliamentary Under Secretary of State, Mark Simmonds MP, the Lord Mayor of London, Fiona Woolf, and the All Party Parliamentary China Group visited Hong Kong. Foreign and Commonwealth Office
Minister of State, Rt Hon Hugo Swire MP, also visited in 2013. The Hong Kong Financial Secretary, John Tsang, Secretary for Education, Eddie Ng, Secretary for the Environment, Wong Kam-sing, Secretary for Food and Health, Dr Ko Wing-man, and the Secretary for Transport, Anthony Cheung, visited the UK.

| Call for evidence: the UK’s position on progress on political and constitutional reform in Hong Kong |

25. The Joint Declaration includes the provision that “the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) shall be selected by election or through consultations held locally and be appointed by the Central People’s Government” and that “the legislature of the Hong Kong Special Administrative Region shall be constituted by elections”. However, it does not specify the requirement for, or in any way refer to, universal suffrage. The Basic Law, which came into force on 1 July 1997 upon resumption of Chinese Sovereignty, states that “the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures”. It also specifies the same ultimate aim for all members of LegCo. It does not set a timetable for constitutional reform.

26. The Chief Executive announced in January 2004 the setting up of a Task Force, to examine the Basic Law’s provisions on constitutional reform and to consult the Chinese Central People’s Government on these issues. In April 2004, the National People’s Congress Standing Committee (NPCSC) called for a “re-interpretation” of the Basic Law, and passed a decision ruling out universal suffrage for the Chief Executive election in 2007 and setting in place the current five step process for constitutional reform. In December 2007, the NPCSC made a further decision, setting the timetable for universal suffrage, saying that “the election of the fifth Chief Executive of the Hong Kong Special Administrative Region in the year 2017 may be implemented by the method of universal suffrage”. It also confirmed the five step process specified in the 2004 decision.

| Five-step process: |

**First step:** the Chief Executive to make a report to the NPCSC, so as to invite the NPCSC to decide whether it is necessary to amend the method of selection/formation.

**Second step:** the NPCSC to make a determination on whether any amendment to the method of selection/formation may be made.

**Third step:** if the NPCSC determines that amendments to the method of selection/formation may be made, the Hong Kong SAR government to introduce to LegCo a resolution on the amendments to the method for selecting the Chief Executive/method for forming LegCo, to be passed by a two-thirds majority of all LegCo members.

**Fourth step:** the Chief Executive to consent to the resolution as passed by LegCo.

**Fifth step:** the Chief Executive to lodge the relevant bill to the NPCSC for approval or for the record.
**Legislative Council reform**

27. Prior to 1984, there were no elected members of the Legislative Council (LegCo). However as negotiations for the Joint Declaration progressed, Hong Kong was taking steps toward a more representative government, including indirect elections to LegCo. The culmination of this policy was the introduction for the first time in 1995 of a fully elected LegCo, albeit not by full universal suffrage. This consisted of 30 legislators elected from functional constituencies, each representing sectors deemed important to Hong Kong (e.g. finance, transport and manufacturing), 20 legislators elected through direct elections in geographical constituencies, and 10 elected by an Election Committee consisting of directly elected district councillors (then known as District Board Members).

28. The Central People’s Government disputed the LegCo reforms introduced in 1995, which it considered were unconstitutional. Following resumption of Chinese sovereignty, LegCo was dissolved by the Chief Executive and a provisional LegCo which had been selected in 1996 by a 400 person committee was put in place. Elections took place in May 1998 to form a new LegCo, following the same structure as that of 1995 with 20 Members returned by geographical constituencies through direct elections, 10 Members by an Election Committee, and 30 Members by functional constituencies.

29. Changes to the structure of LegCo since then have been introduced, in accordance with the principal of gradual and orderly progress specified in the Basic Law. In the 2000 LegCo elections, 24 members were directly elected through geographic constituencies, 6 elected from an Election Committee and 30 elected from Functional Constituencies. For the 2004 LegCo elections, the Election Committee no longer took part in the process, with 30 legislators directly elected from geographical constituencies and 30 elected from functional constituencies. This structure remained in place for the 2008 elections. In 2012, ten new seats were introduced to the Legislative Council, increasing the total number of legislators to 70. Five of the new seats were elected by geographic constituencies and the other five making up Functional Constituency 'super seats' elected by all registered voters who are not in any 'traditional' Functional Constituency. The election methods for the remaining 60 seats remained the same as in 2008.

30. As part of the consultation on election methods for the Chief Executive in 2017, further reform was considered for the 2016 LegCo elections. However, this was not recommended by the Chief Executive in his report to the NPCSC in stage 1 of the 5 step process as he stated that efforts should be focussed on the 2017 Chief Executive election. The NPCSC decision on 31 August 2014 upheld this view. It is stated in the 2007 NPCSC decision that “after the Chief Executive is selected by universal suffrage, the election of the Legislative Council of the Hong Kong Special Administrative Region may be implemented by the method of electing all the members by universal suffrage.”
Therefore, provided that LegCo agrees to allow universal suffrage for the Chief Executive elections in 2017, a fully elected legislature could follow in 2020.

Next steps on reforms for Chief Executive elections

31. The first two steps in the five step process have now been completed. Following a public consultation in Hong Kong, the Chief Executive wrote to the NPCSC recommending that the 2017 election should take place by universal suffrage. The NPCSC made its decision on 31 August 2014 confirming that the Hong Kong SAR Government could proceed with reforms. It also set the parameters for the election:

- The size, composition and formation method of the nominating committee will be based on that of the existing Election Committee.
- The Nominating Committee will nominate two or three candidates for the office of Chief Executive.
- Each candidate must have the endorsement of more than half of all the members of the Nominating Committee.

32. A second public consultation is due to take place in Hong Kong asking for views on more specific proposals. The final proposal for electoral methods in 2017 is then expected to be put to LegCo for consideration in early to mid 2015, with a vote taking place later that year (step 3 of the process). If the proposal is passed by a two thirds majority, it moves to steps 4 and 5, approval by the Chief Executive and by the NPCSC.

33. Carrie Lam, Chief Secretary of the Hong Kong SAR Government, announced on 30 September that the proposed second public consultation would be delayed in light of the recent Occupy Central protests. She stated that "the current social atmosphere is not good so we will assess the timing and situation to find the right timing". This could have knock on effects on timing for the rest of the process.

**UK position**

34. We believe that Hong Kong’s success is underpinned by its autonomy, rights and freedoms, which are guaranteed by the Joint Declaration. The UK is also a longstanding supporter of democratic reform in Hong Kong. We believe that greater democracy, although not dealt with specifically in the Joint Declaration, would further improve Hong Kong’s open society and smooth governance, both of which are critically important to the maintenance of Hong Kong’s prosperity, stability and the effective operation of the capitalist system.

35. The future of Hong Kong is of great importance to the UK, both as a signatory of the Joint Declaration and as a country closely connected to Hong Kong by business, cultural, educational, economic and other ties. Britain’s position on constitutional reform in Hong
Kong is clear. The ultimate shape of the constitutional reform package will be for the people of Hong Kong, and the Governments of Hong Kong SAR and China to decide, in accordance with the Basic Law. There is no perfect model, but the important thing is that the people of Hong Kong have a genuine choice and a real stake in the outcome. We believe that this is essential to Hong Kong’s future stability and prosperity, and will provide continued confidence in Hong Kong as a world class trade and investment destination.

36. HMG position on the 31 August decision by the NPCSC is set out in the 4 September FCO statement:

“We welcome the confirmation that China’s objective is the election of Hong Kong’s Chief Executive through universal suffrage.

The UK’s position has always been that the detail of the constitutional package is for the Governments of Hong Kong SAR and China and the people of Hong Kong to decide in line with the Basic Law.

While we recognise that there is no perfect model, the important thing is that the people of Hong Kong have a genuine choice and a real stake in the outcome. We recognise that the detailed terms that the National People’s Congress has set for the 2017 election will disappoint those who are arguing for a more open nomination process.

We hope that the next period of consultation will produce arrangements which allow a meaningful advance for democracy in Hong Kong, and we encourage all parties to engage constructively in discussion to that end.”

37. On Monday 22 September, higher education students in Hong Kong launched a week-long class boycott as a protest against at the National People’s Congress (NPC) Decision. Following this, the “Occupy Central” movement joined protests on 28 September. Protesters surrounded Government Offices and the LegCo (parliament) buildings, calling for the NPC to retract its 31 August decision on Hong Kong's electoral system and for the re-launch of the political reform process. On the evening of 28 September, after warning protestors that stronger force would be used if they failed to disperse, police used tear gas. On 2 October the Hong Kong SAR Government offered talks with the Hong Kong Federation of Students to discuss constitutional reform. These talks, provisionally scheduled for 10 October, were called off on 9 October.

The Foreign and Commonwealth Office has issued two statements:

FCO Spokesperson, 29 September 2014:

“The British Government is concerned about the situation in Hong Kong and is monitoring events carefully.

It is Britain’s longstanding position, as a co-signatory of the Sino-British Joint Declaration, that Hong Kong’s prosperity and security are underpinned by its
fundamental rights and freedoms, including the right to demonstrate. It is important for Hong Kong to preserve these rights and for Hong Kong people to exercise them within the law.

These freedoms are best guaranteed by the transition to universal suffrage. We hope that the upcoming consultation period will produce arrangements which allow a meaningful advance for democracy in Hong Kong, and we encourage all parties to engage constructively in discussion to that end.”

FCO Spokesperson, 2 October 2014:

“The United Kingdom remains concerned about the situation in Hong Kong. We welcome the offer by the Government of the Hong Kong Special Administrative Region to open talks with student leaders to discuss constitutional development. We hope that all parties will engage constructively in dialogue.

As the British Government has made clear, it is important that Hong Kong citizens’ fundamental rights and freedoms, including of assembly and demonstration, are respected, as guaranteed by the Sino-British Joint Declaration. We welcome the statement that the Hong Kong police will exercise maximum tolerance. It is also important that demonstrators continue to express their views peacefully in accordance with the law.”

38. HMG Officials and Ministers have maintained a regular dialogue with the Hong Kong SAR Government, the Central People’s Government and other key stakeholders regarding constitutional reform in Hong Kong. For example, in 2014: the Prime Minister discussed this with both Chinese Premier Li Keqiang and Chinese Vice Premier Ma Kai; the Foreign Secretary discussed this with Chinese Vice Premier Ma Kai and with Chinese Ambassador to London Liu Xiaoming and the Chancellor discussed it with the Hong Kong Chief Executive. Foreign and Commonwealth Office Minister of State, Rt Hon Hugo Swire MP also held discussions on constitutional reform with Wang Guangya, Director of Hong Kong and Macau Affairs Office in Beijing. The Deputy Prime Minister Rt Hon Nick Clegg and Rt Hon Hugo Swire MP both held meetings with Anson Chan and Martin Lee, two high profile Hong Kong democracy advocates, during their visit to London in July 2014 to discuss this issue.

39. The British Consulate General in Hong Kong was officially opened on 1 July 1997, following the handover of Hong Kong to the People’s Republic of China. It currently employs 95 staff (16 UK based staff and 79 local staff) with an operating budget of £1,419,675 in Financial Year 2014-15.

The key priorities for the consulate are to:

Call for evidence: The UK’s presence and its ongoing interests in Hong Kong, including the prospects for trade, business, and cultural exchange.
i) Develop and sustain the important and longstanding bilateral relationship between the UK and Hong Kong.

ii) Deal with a wide range of political, commercial and economic questions of interest to the UK and Hong Kong.

iii) Support and protect UK interests in Hong Kong and Macao.

40. Hong Kong is one of the FCO’s busiest consular assistance Posts. For the period 1 September 2013 to 31 August 2014, the Consular Section dealt with 185 assistance cases including 91 arrests, 24 deaths, and 15 hospitalisations. Hong Kong is also home to one of the FCO’s three global consular contact centres and handles calls on behalf of 33 diplomatic posts across the Asia-Pacific region.

41. There are approximately 3.4 million holders of British National (Overseas) passports as well as around 260,000 British Citizens living and working in Hong Kong. Over 500,000 British tourists visited in 2013 according to figures from the Hong Kong tourist board.

42. The British Consulate General in Hong Kong is also a regional hub providing support to a wider network of FCO Posts, for example technical support and learning and development.

Prospects for trade and business

43. Bilateral trade between Hong Kong and the UK in goods and services during the course of 2013 was £16.6bn, an increase of 0.22 per cent from the previous year. In 2013, Hong Kong was the UK's 13th largest export market for goods worldwide and the second largest in Asia Pacific, after mainland China, according to the latest Office for National Statistics data.

44. British business, investment and management are a major influence in Hong Kong business. Over 560 British companies have offices in Hong Kong, with over 120 of those running their Asia-Pacific regional operations from there. UK financial services have a huge presence in Hong Kong, the world's third major financial centre. UK investment in Hong Kong (conservatively valued at over £33bn) makes up 35% of total UK investment in Asia.

45. In 2012 FDI inflows from Hong Kong into the UK amounted to £588 million, representing 1.66% of the total inflow, and making Hong Kong the 12th largest investor into the UK. The UK is the number one destination for outward direct investment from Hong Kong into Europe and the single largest foreign investor in the UK, Hutchison Whampoa / Cheung Kong, is from Hong Kong. The company employs around 37,000 people across the UK and has investments totalling approximately £32 billion.
46. Prominent recent investments from Hong Kong include the opening of the *Shangri-La Hotel*, at The Shard, London; the *MTR Corporation* concession agreement with Transport for London (TfL) to operate the Crossrail train service and *Knight Dragon*’s, acquisition of *Quintain*’s interest in Greenwich Peninsula in a deal worth £186 million.

47. As a highly developed market, Hong Kong offers opportunities across a range of business and consumer industries. The Hong Kong SAR Government’s infrastructure investment commitments, totalling over £29bn, underpin the region’s growth plans and offer significant opportunities for British business. Seven of these infrastructure projects have been identified by UKTI as High Value Opportunities (HVOs), with an eighth in nearby Macau. This is more than in any other market. There have already been significant British contract wins in these projects and UKTI are actively working to promote further British involvement.

48. Hong Kong is also a major transhipment hub: in 2013 an estimated 11.2% of the total two-way trade between the UK and mainland China, amounting to approximately £4.7bn, was routed through Hong Kong.

**Culture and education**

49. Educational links between the UK and Hong Kong remain strong. More than 100 UK institutions, including 20 schools, colleges and universities, took part in the January Education UK exhibition at the Hong Kong Convention and Exhibition Centre. During his visit to the UK in January, Hong Kong Secretary for Education Eddie Ng attended the Education World Forum in London, met Secretary of State for Education Michael Gove and participated in a British Council-convened ministerial roundtable with ministers from selected Asian countries and Australia. In addition, the British Council delivered programmes in English-language learning and examination services, and participated in a range of arts, education and science partnerships. More details of the British Council work are provided in a separate submission.

50. A key part of UK cultural exchange with Hong Kong is the UK Government Chevening Scholarship programme. This programme allows outstanding scholars with leadership potential from around the world to study postgraduate courses at universities in the UK. In Hong Kong it supports engagement across the range of UK interests. In the 2014/15 academic year, 10 scholars from Hong Kong have gone to study in the UK. Scholarships are jointly funded by FCO, in partnership with either HSBC or Hutchison Whampoa. There are a significant number of Hong Kong Chevening alumni in senior positions in various organisations, particularly in the financial, legal and media sectors but relatively few in government/political positions. Alumni speak overwhelmingly positively of their time in the UK and are eager to act as ambassadors both for the scholarship and for the UK more generally.
51. The priority areas for Chevening applications in 2015/16 are:

i. Business, Finance and Economics

ii. Government and Public Service (including Healthcare Management and Civil Aviation)

iii. Judiciary, Human rights and Constitutional Reform

iv. Environment, Low carbon and Energy Security (including the Chevening Aberdeen Scott Scholarships which will also be available to applicants who wish to study an environment related course at the University of Aberdeen)

v. Science, Engineering and Technology

52. In January 2014 Hong Kong joined the Youth Mobility Scheme which allows young people in Hong Kong to apply to live, work and travel in the United Kingdom for a period of up to two years and those in the UK to do so in Hong Kong. It is open to any British citizen holding a valid British Citizen passport, or any ordinary resident of Hong Kong possessing a valid HKSAR passport, aged between 18 and 30. It provides young people in Hong Kong with an opportunity to experience life and culture in the UK and vice versa.

October 2014