



Six-monthly Report on Hong Kong
1 January – 30 June 2009



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*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 2009*

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FOREWORD

This is the twenty-fifth in a series of reports to Parliament on the implementation of the Sino-British Joint Declaration on the Question of Hong Kong. It covers the period from 1 January to 30 June 2009.

The events of those six months have shown how Hong Kong people continue to cherish their rights and freedoms under the Basic Law. The high turnout at the vigil on 4 June to commemorate the 20th anniversary of the Tiananmen events was a striking example of how “One Country, Two Systems” continues to work.

Constitutional reform will no doubt occupy centre stage in the next reporting period, as the Hong Kong Special Administrative Region Government has promised to launch the postponed consultation on arrangements for elections in 2012 in the fourth quarter of 2009.

The Government continues to believe Hong Kong should move to a system of full universal suffrage to underpin its rights and freedoms, and therefore its stability and prosperity. We have welcomed the commitment of the SAR Government to achieve full universal suffrage by 2017 (for the Chief Executive’s election) and by 2020 (for the Legislative Council); and to advance democracy in the arrangements for the 2012 elections, to prepare for the advent of universal suffrage. How Hong Kong progresses towards full democracy is for the people of Hong Kong to decide. So it will be important that there is a full and wide-ranging public consultation process on the electoral arrangements for 2012. Following the consultation, I hope the Government will move quickly to introduce progressive proposals to the Legislative Council.

I will continue to take an interest in Hong Kong and to report to Parliament, in line with the British Government’s responsibilities to the people of Hong Kong in the Sino-British Joint Declaration.



David Miliband
Secretary of State
For Foreign & Commonwealth Affairs

SIX-MONTHLY REPORT ON THE IMPLEMENTATION OF THE SINO-BRITISH JOINT DECLARATION ON HONG KONG

INTRODUCTION

This series of six-monthly reports reflects the British Government's continuing interest in developments in Hong Kong and our commitment to the faithful implementation of the Sino-British Joint Declaration on Hong Kong. In this, 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.

CONSTITUTIONAL ARRANGEMENTS

1. In our last report, we noted the SAR Government's commitment to conduct a public consultation on changes to electoral arrangements for 2012 "in the first half of 2009". On 15 January, Chief Executive Donald Tsang announced that he was postponing the consultation until the fourth quarter of 2009 to focus on tackling "economic and livelihood concerns". Mr. Tsang said, "The electoral arrangements for 2012 is an important issue which requires an in-depth rational discussion by the public to reach a wide consensus. Now is not the right time to conduct a public consultation".
2. **This postponement was disappointing for many people in Hong Kong. We have welcomed assurances that there will be no further slippage of the consultation timetable.**
3. On 12 February, in response to a question from a reporter on what would happen should proposals to reform the arrangements for the 2012 elections be rejected by the Legislative Council, Secretary for Constitutional and Mainland Affairs, Stephen Lam, said, "The NPC decision in 2007 [i.e. the statement by the Standing Committee of the National People's Congress which allowed for the introduction of full universal suffrage for the election of the Chief Executive in 2017 and for the Legislative Council in 2020] did not stipulate progress in 2012 as a precondition for implementing universal suffrage in 2017... But the government clearly hopes there would be progress in the 2012 Chief Executive and LegCo elections to lay the foundations".
4. Whether functional constituencies¹ are compatible with full universal suffrage as promised in 2020 is a central issue in the debate in Hong Kong on constitutional reform. For example, in advance of a Legislative Council (LegCo) motion on constitutional development moved by Civic Party Legislative Councillor, Margaret Ng, the Hong Kong Bar Association (HKBA) said, "The present election method involving functional constituencies raises the question of whether Article 25 of ICCPR² [the International Covenant on Civil and Political Rights] has been fully

¹ Half of the Legislative Council's 60 seats are currently returned from functional constituencies representing specific professional sectors and interest groups with electorates of varying sizes from under 150 (e.g. Finance) to tens of thousands of voters (e.g. Education).

² Article 25 of the ICCPR states that "Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in article 2 and without unreasonable restrictions:

- a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- c) To have access, on general terms of equality, to public service in his country".

complied with. When putting forward proposals for constitutional reform, the Government of the HKSAR should include proposals that would eventually lead to the total abolition of functional constituencies and demonstrate its commitment towards developing an electoral system that is in compliance with Article 25 of ICCPR”. In her motion of 7 January, Margaret Ng called on the Chief Executive to make clear that functional constituencies are to be abolished when he draws up proposals for reform of electoral arrangements for public consultation. 16 of the 26 votes received from the legislators representing geographical constituencies were in favour of the motion, but 20 of the 27 votes from functional constituency legislators were against the motion and it was not passed.

5. On 26 February, a SAR Government spokesperson said, “We recognise that the existing electoral method for returning the LegCo functional constituency seats is not consistent with the principle of universal suffrage. In discussing the relevant universal suffrage models in future, the community will have to deal with the issue of functional constituencies so as to ensure that the future universal suffrage model for LegCo complies with the principles of universal and equal suffrage”.
6. **We welcome this statement by the SAR Government that arrangements for 2020 Legislative Council elections will need to comply with the principles of universal and equal suffrage.**

THE LEGISLATIVE COUNCIL

7. Twelve elected legislators in Hong Kong continue to be prevented from travelling freely to Mainland China. On 15 May, five pan-democratic legislators who have previously been denied home-return permits were issued single entry permits to join a Legislative Council (LegCo) Environmental and Economic Affairs Panel delegation to Guangdong. Some of these legislators expressed disappointment that they were only issued single entry permits.
8. **We welcome the fact that the five pan-democratic legislators were able to join the May visit and hope that this development contributes to a more open and direct dialogue between the Legislature and the Mainland authorities. The continued inability of some legislators to travel to the Mainland remains a barrier to open dialogue. We hope that the Chinese Government will allow all legislators who wish to visit the Mainland to do so, to further develop dialogue and understanding.**

The Executive Council

9. On 20 January, the Chief Executive announced the appointment of five new members to the Executive Council (ExCo). They were: Lau Wong-fat, Chairman, Heung Yee Kuk³; Professor Lawrence Lau, Vice-Chancellor of Chinese University; Anna Wu, former Legislative Councillor and former Chair of the Equal Opportunities Commission; Marjorie Yang, industrialist; and Mr. V Nee Yeh from the financial sector. The following Executive Council members stood down: Rafael Hui; Andrew Liao; Bernard Chan; Henry Fan; and Victor Lo.

³ Heung Yee Kuk is an advisory body representing the indigenous inhabitants of the New Territories.

LEGAL AND JUDICIAL

10. On 2 April, the Hong Kong Government introduced a wide-ranging package of measures for civil justice reform (generally referred to as the “CJR”). It is widely anticipated that the CJR will serve the public better by making the court system more efficient, reducing the problems of high costs and delay and by increasing the accessibility of the system. Practical implications for parties involved in civil litigation in Hong Kong are likely to include: cases proceeding at a faster pace; and more active case management by the judiciary.
11. In a press release of 1 April, a spokesperson from the Hong Kong Judiciary said, “The CJR aims to give the Court more power to manage the process of cases, streamline and improve civil procedures, encourage and facilitate settlement and enable judicial resources to be better distributed and utilised”.
12. From 6-9 April, Hong Kong hosted the Commonwealth Law Conference 2009. In a speech at a reception for delegates on 6 April, the British Consul General Andrew Seaton said,

“The rule of law is one of Hong Kong’s key distinguishing characteristics. It helps Hong Kong leverage the best from its close and growing relationship with the Mainland. It helps Hong Kong achieve stability and prosperity through giving international investors and business confidence in the city. It is the essential underpinning to Hong Kong’s rights and freedoms. It will be crucial for the future of Hong Kong as a business and financial centre, and as a good place to live for its seven million inhabitants”.

13. On 26 June, the Chief Executive extended for three years the term of office of four non-permanent judges from Hong Kong and eight non-permanent judges from other common law jurisdictions to the Court of Final Appeal⁴.

“ONE COUNTRY TWO SYSTEMS”

14. During this period a number of developments gave rise to debate in Hong Kong on the exercise of its autonomy under the Basic Law and the implementation of One Country, Two Systems. On 11 March, local newspaper Wen Wei Po reported a meeting in Beijing between the Deputy Director of the Liaison Office of the Central People’s Government in the Hong Kong SAR (CGLO⁵) Li Guikang and Hong Kong’s Chinese People’s Political Consultative Conference (CPPCC) delegates. The article said that according to the newspaper’s understanding, Mr Li had indicated that the SAR Government and the CGLO had reached a ten-point agreement. Under this agreement, the Hong Kong CPPCC members would be able to express opinions on Hong Kong’s internal affairs and the SAR Government would be able to recommend a list of potential Hong Kong CPPCC members to the Central Government.
15. Following the reports of these alleged remarks, a number of legislators expressed concern that they represented a change in policy, as Hong Kong CPPCC delegates are currently appointed

⁴ Section 5 (3) of the Hong Kong Court of Final Appeal Ordinance 1997 states that, “the Court may as required invite judges from other common law jurisdictions to sit on the Court”.

⁵ The CGLO is an organ of the Central People’s Government. Its responsibilities include: liaising with The Commissioner’s Office of China’s Foreign Ministry in Hong Kong SAR, and the People’s Liberation Army stationed in Hong Kong; promoting exchange and co-operation between Hong Kong and the Mainland; and handling affairs related to Taiwan.

by the Central People's Government and have no formal role in the government of Hong Kong. On 18 March, Chairman of the Democratic Party Albert Ho said, "Nobody is opposing the participation by CPPCC and NPC (National People's Congress) Deputies in Hong Kong affairs but they should not enjoy any prerogatives in Hong Kong because of their capacity".

16. On 14 March, in an interview with local newspaper Sing Tao, Li Guikang said that the CGLO were in touch with the SAR Government over how to enable CPPCC delegates to enhance their role, but he denied that there had been an "agreement". On 18 March, Li Guikang denied that there had been an agreement with the SAR Government, but said that taking a part in Hong Kong affairs was "not only a duty for the delegates... All Hong Kong residents have the right to give advice to the Hong Kong Government".
17. On 14 May, the Chief Executive said in LegCo, "The Hong Kong SAR Government has not come to any consensus or agreement with the CGLO regarding the CPPCC and NPC deputies and the issue of their appointment".
- 18. We have carefully noted the reports of the remarks by Li Guikang in Beijing in March. We have also noted the subsequent statements by the Hong Kong SAR Government that an "agreement" did not exist.**
19. On 16 April, local newspapers carried articles referring to a paper that the Director of the CGLO's research department, Mr. Cao Erbao, had written for the Chinese Communist Party school's newspaper, the Study Times, in January 2008. Entitled "Governing Hong Kong Under the Conditions of One Country, Two Systems", Mr. Cao argued that since 1997, the SAR Government has exercised "delegated authority" over affairs within the autonomy of the SAR; and that a second team comprised of officials from the Mainland "exercise the constitutional power of the Central Authorities to govern Hong Kong but without interfering with the affairs within the SAR's autonomy". Mr. Cao proposed that the second team needed to be properly trained, built up and deployed to carry out Hong Kong work.
20. Considerable public comment and debate followed, with a particular focus on their perceived implications for Hong Kong's autonomy under One Country Two Systems. In a meeting of the LegCo Constitutional Affairs Panel on 20 April, pan-democratic legislators expressed concern about Mr. Cao's article. In response, Secretary for Constitutional and Mainland Affairs, Stephen Lam, said, "I fully understand that the people value 'One Country, Two Systems' and Hong Kong's autonomy.... My understanding of autonomy comes from the Basic Law, not Mr. Cao's article".
21. When asked on 21 April by a reporter to comment on these developments, a British Consulate-General spokesperson said, "**It is important that in order to preserve its stability and prosperity, Hong Kong must continue to enjoy a high degree of autonomy, with its Government composed of local inhabitants**".

BASIC RIGHTS AND FREEDOMS

22. On 9 February in Geneva, the United Nations Human Rights Council's Universal Periodic Review Working Group reviewed the fulfilment of human rights obligations by the People's Republic of China. This included a review of Hong Kong. A group of human rights activists

from Hong Kong also travelled to Geneva in an attempt to raise their concerns about the lack of full universal suffrage in the SAR, the extent and scope of interpretations of the Basic Law by the Standing Committee of the National People's Congress, and the lack of an independent police complaints authority in Hong Kong. Under-Secretary for Constitutional and Mainland Affairs Raymond Tam, led Hong Kong's delegation and presented the SAR Government's report to the Working Group. He said, "We will continue with our utmost efforts in promoting and protecting human rights in Hong Kong".

23. Following a ruling by the High Court on 8 December 2008 that the existing restrictions on prisoners' rights to vote were unconstitutional, the SAR Government carried out a public consultation on prisoners' voting rights from 9 February to 23 March. In announcing the results of the consultation on 9 April, a SAR Government spokesperson said, "we propose to remove the existing disqualification of prisoners from being registered as electors and from voting". The SAR Government introduced the Voting by Imprisoned Persons Bill into LegCo on 6 May, to be considered within the 2008/09 legislative session.

Freedom of expression

24. On 27 March, the Communications Director of the International Campaign for Tibet, Kate Saunders, was scheduled to address the Hong Kong Foreign Correspondents' Club (FCC). A few days prior to the event, the FCC announced in a notice to members that it had been postponed. On 1 April, the FCC's Vice-President Tom Mitchell confirmed that the event had been postponed after the Office of the Commissioner of the Chinese Ministry of Foreign Affairs (MFA) in Hong Kong had expressed its opposition to the FCC. He said that the MFA had declined an offer to put up a speaker to debate with Ms. Saunders, and the event would be re-scheduled. Ms. Saunders arrived in Hong Kong on 5 April and the event went ahead on 6 April.
25. In our previous two reports, we noted the refusal of entry by the Hong Kong authorities to a small number of pro-democracy and human rights activists. During this reporting period, there were also several cases of Hong Kongers being excluded from Macao, including several pan-democratic legislators, a professor from Hong Kong University, and a newspaper photographer. On 4 March, in response to a question from a reporter, Secretary for Security Ambrose Lee said, "The Hong Kong SAR Government is concerned about these cases of Hong Kong residents being refused entry into Macao. That's why we have instructed our officers to contact our counterparts in Macao to understand what has happened and to express the Hong Kong SAR Government's concern". The following day, Chief Executive Donald Tsang said, "I have channelled the concerns of the Hong Kong people to [Macao Chief Executive] Mr. Ho and he has listened to our views. I believe the Chief Executive will understand our feelings".
26. On 30 May, Danish sculptor and activist, Jens Galschiot, was refused entry to Hong Kong. Mr. Galschiot had indicated before leaving Denmark that he intended to visit Hong Kong to repair the "Pillar of Shame" monument at Hong Kong University and to attend other events to commemorate the 20th anniversary of Tiananmen. A number of prominent Tiananmen student leaders – including Mr. Wang Dan, Mr. Wan Chaohua, Mr. Wang Juntao, and Mr. Yang Jianli – were also refused entry to Hong Kong in the weeks preceding the June 4 anniversary. Student leader Xiong Yan, was however permitted entry on 30 May.

27. Legislative Councillor Audrey Eu asked Secretary for Security, Ambrose Lee, the reasons for these refusals in the Legislative Council on 10 June. In a written reply, Mr. Lee said, “We do not comment on individual cases...In processing each application, the Immigration Department acts in accordance with the law and the prevailing policy, taking into account all relevant factors and the individual circumstances of each visitor in deciding whether to allow or refuse entry”.
28. As we have said in previous reports, **we have expressed our concern that such exclusions risk giving the impression that freedom of expression is being compromised in Hong Kong, and that this could damage Hong Kong’s international reputation.**

Marches and demonstrations

29. Hong Kong’s June 4 candlelight vigil to commemorate the 20th anniversary of Tiananmen attracted the largest numbers since 1990. Organisers estimated that 150,000 people filled Victoria Park’s six football pitches with many more outside. The Police estimate was 62,800.
30. Local commentators attributed the large numbers at the vigil to a number of significant factors including the 20th anniversary, the recent denials of entry to political activists and the response that the Chief Executive gave to a question about Tiananmen in LegCo on 14 May. When asked in LegCo by Legislative Councillor Margaret Ng whether he would back “the public’s demand for vindication” of students killed around June 4 1989, the Chief Executive replied, “I understand Hong Kong people’s feelings about June 4, but the incident happened many years ago. The country’s development in many areas has since achieved tremendous results and brought economic prosperity to Hong Kong. I believe Hong Kong people will make an objective assessment of the nation’s development”. In answer to a follow up question, the Chief Executive said, “My view represents the opinion of Hong Kong people in general, and the opinion of citizens has affected my view. What I have just said is how I feel about the views of the people of Hong Kong”. All 23 pan-democratic legislators walked out in protest at this statement.

ECONOMY, CLIMATE CHANGE, ENERGY AND PUBLIC HEALTH

Economy

31. On 25 February, Financial Secretary John Tsang announced his budget for 2009/10. It contained a set of short-term salary tax and rate cuts and the provision of resources for job creation and capital works, to help counter the effects of the economic downturn. The SAR Government predicted the fiscal impact to be a budget deficit of HK\$39.9 billion in 2009/10 (2.4% of GDP) financed through its fiscal reserves.
32. On 15 May, the SAR Government released its economic figures for the first quarter, which showed the economy had contracted by 7.8% in the first three months of the year (year on year). The SAR Government revised its 2009 GDP outlook and at end of the reporting period, was predicting a contraction of 5.5-6.5% in real terms.
33. On 26 May, the SAR Government announced a further package of economic relief measures worth HK\$16.8 billion, consisting of temporary initiatives designed to stimulate household spending and commercial activity.

34. On 19 May, Joseph Yam announced that he would be stepping down from his position as Chief Executive Officer of the Hong Kong Monetary Authority (HKMA) in October 2009. Yam has held the position at Hong Kong's de facto central bank since it was created 16 years ago.
35. On 22 June, the Chief Executive announced that the Task Force on Economic Challenges (established in October 2008), had concluded its work and had identified six sectors that would support Hong Kong's medium and long-term economic growth prospects. These were education services, medical services, testing and certification, environmental services, innovations and technology, and cultural and creative industries.

The G20 Summit

36. Hong Kong participated in the London Summit on 2 April as part of the Chinese delegation. Hong Kong supported the Summit's conclusions to avoid protectionism, work towards the conclusion of the Doha world trade negotiations and to bring hedge funds into the global regulatory net. Following the Summit, Financial Secretary John Tsang said, "As a free and open economy, Hong Kong was encouraged by the G20's commitment to avoid protectionism. This is a significant step towards restoring the health of the global economy". Hong Kong has a seat on the new Financial Stability Board, which is tasked with addressing vulnerabilities to international financial stability.

Economic and financial co-operation with the Mainland

37. On 20 January, the People's Bank of China and Hong Kong Monetary Authority (HKMA) signed a currency swap agreement which, if required, could provide liquidity support up to RMB200 billion.
38. This period saw significant developments in the trading of Renminbi (RMB) in and through the Hong Kong banking system. On 18 April, the Chief Executive announced six measures, taken with the co-operation of the Central Government, to assist Hong Kong. These included allowing Hong Kong banks with subsidiaries in the Mainland to issue RMB denominated bonds, and allowing Hong Kong companies to borrow RMB from the Mainland branches of Hong Kong banks in Shanghai and Guangdong using their Hong Kong assets as collateral.
39. On 8 May, as part of its plans to further internationalise the RMB, the Central Government gave approval for Hong Kong, Shanghai and four Guangdong cities to become RMB trade settlement centres.
40. On 9 May, Hong Kong and the Central Authorities signed the sixth supplement to the Closer Economic Partnership Agreement (CEPA) to expand the access of Hong Kong's financial services sector into the Mainland market, and to promote legal, transportation and education links.

Climate change and Energy

41. In his budget speech, the Financial Secretary announced measures to promote a "green economy". These included setting up a steering committee to study the wider use of electric vehicles in Hong Kong. The budget also provided HK\$450 million to improve energy

efficiency in government buildings and another HK\$450 million for private building owners to conduct energy-cum-carbon audits and energy efficiency improvements.

Public Health

42. Hong Kong's first case of H1N1 influenza was confirmed on 1 May in a Mexican national who had stayed at the Metropark Hotel. The SAR Government subsequently quarantined the hotel and guests for seven days. On 10 June, the SAR Government announced the first cases of person-to-person transmission of H1N1 and ordered the suspension of all kindergartens, nursery and primary schools for at least two weeks. This was subsequently extended to the summer vacation.

UK-HONG KONG BILATERAL RELATIONS

Visits

43. This period saw a busy programme of senior level exchanges between the UK and Hong Kong. On 22 January, Minister of State for Foreign and Commonwealth Affairs Bill Rammell MP visited Hong Kong. He met Chief Secretary for the Administration Henry Tang, Secretary for Constitutional and Mainland Affairs Stephen Lam, Secretary for the Environment Edward Yau and legislators from all of Hong Kong's main political parties. In a press conference, Mr. Rammell said,

“Hong Kong matters to the UK. I am pleased to see that ‘One Country, Two Systems’ continues generally to work well. I discussed constitutional development with the Chief Secretary and Secretary for Constitutional and Mainland Affairs. I was reassured that there will be no further delay on the constitutional timetable”.

44. On 18 February, then-Minister of State for Schools and Learners, the Rt. Hon. Jim Knight MP visited Hong Kong, meeting Secretary for Education Michael Suen, Permanent Secretary for Education Raymond Wong and a number of other senior education officials.
45. Mr Jim Murphy, Secretary of State for Scotland, visited Hong Kong on 25-26 March, leading a large Scottish Council for Development and Industry trade mission. During his visit he had a roundtable discussion with leading members of the Scottish business community, gave a speech at Hong Kong University and had a meeting with Rita Lau, Secretary for Commerce and Economic Development.
46. Minister for Communications, Technology and Broadcasting, Lord Carter visited Hong Kong from 26-27 March. Lord Carter met Hong Kong and Mainland business leaders and senior figures from the SAR Government.
47. Professor John Beddington, the UK Government Chief Scientific Adviser visited Hong Kong from 2-3 April. He met senior officials from the Hong Kong Centre for Health Protection, the Hong Kong Professional Green Building Council and gave a speech at Hong Kong University on the importance of scientific innovation in recovering from the economic downturn.

48. The First Minister for Scotland, the Rt. Hon. Alex Salmond MSP, visited Hong Kong between 5 and 7 April, accompanied by the Scottish Cabinet Secretary for Education and Lifelong Learning, Fiona Hyslop MSP. Mr. Salmond met Chief Executive Donald Tsang, opened a renewable energy seminar and met a number of prominent members of the local Scottish community. In addition to joining the First Minister in his meeting with the Chief Executive, Ms. Hyslop also opened the Edinburgh Institute at the Hong Kong School of Professional and Continuing Education, held discussions at the University of Hong Kong, and met the Deputy Permanent Secretary for Education.
49. Lord Davies, Minister for Trade, Investment and Business, visited Hong Kong from 16-18 April. He met the Chief Executive of the Hong Kong SAR Government, the Financial Secretary, the Secretary for Commerce and Economic Development and the Head of the Monetary Authority and a cross section of leading Hong Kong and British business figures, including major current and potential inward investors and Hong Kong University MBA students.
50. Secretary of State for Energy and Climate Change, the Rt. Hon. Ed Miliband MP, visited Hong Kong on 6 May, to discuss climate change with business leaders.
51. In a visit to Hong Kong on 8 June, the Lord Mayor of the City of London Alderman Ian Luder met Chief Executive Donald Tsang, the Chief Executive Officer of the Hong Kong Monetary Authority Joseph Yam and the Secretary for Financial Services and the Treasury Professor K. C. Chan.
52. During a visit to London, Hong Kong Secretary for Financial Services and the Treasury Professor K. C. Chan on 6 May met the UK's Financial Services Secretary to the Treasury Lord Myners to discuss the impact of the global financial crisis on the economies and the regulatory frameworks of UK and Hong Kong.
53. On 10 June, Financial Secretary John Tsang met the UK's Financial Secretary to the Treasury, the Rt. Hon. Stephen Timms MP in London to discuss the global economic outlook and the G20.
54. Rita Lau, Secretary for Commerce and Economic Development visited the UK from 25-28 June. During the visit she had a roundtable meeting with Lord Davies, Minister for Trade, Investment and Business and a group of British designers.
55. Gregory So, Under Secretary for Commerce and Economic Development visited the UK from 29 June to 1 July. During the visit he met Mr Sion Simon, Minister for Creative Industries at the Department for Culture, Media and Sport. He also visited Scotland and met Mr Michael Russell, Minister for Culture, External Affairs and Constitution in the Scottish Government.

Education

56. The British Government's Chevening Scholarship Scheme has operated in Hong Kong since 1996. Since then, 509 people have received scholarships. 13 Scholars were selected for 2009. The generosity of Dr. Li Ka-Shing (Chairman of Cheung Kong Holdings and Hutchison Whampoa Ltd), and of Cambridge University, match funded by the Foreign and Commonwealth Office, as well as funding from the S.K. Tang bequest, and support from HSBC, has made this number of scholarships possible.

57. Hong Kong remains an important centre of activity for the British Council. The Teaching Centre in Hong Kong is the largest in the British Council's worldwide network with over 48,000 registrations a year, complemented by an extensive community-based programme of English language teaching, which involves many thousands more. One of its key areas of activity is the work it does for the Hong Kong Education Bureau; training teachers in preparation for the roll out of the new senior secondary curriculum in English. It has trained around 1,500 teachers face-to-face and is preparing to deliver training to the remaining 2,000 via a virtual learning platform in the New Year.

Trade and inward investment

58. Bilateral trade between the UK and Hong Kong fell year-on-year, based on the figures for the first three months of 2009. UK exports to Hong Kong between January and March 2009 were valued at £1.08 billion, a decrease of 14.8% compared with the same period in 2008. Imports from Hong Kong have remained stable. Hong Kong is currently the UK's third largest export market in the Asia Pacific region, after Mainland China and Japan.
59. Over the course of the reporting period, UK Trade & Investment (UKTI) has supported seven Trade Missions to Hong Kong and UK participation at 10 international trade fairs in Hong Kong. UKTI also works to support around 180 Hong Kong investors in the UK and to promote the UK to new potential investors. UKTI also assisted one confirmed new successful investment into the UK (with two further investment projects pending confirmation of success).

British Nationals (Overseas)

60. There are nearly 3.5 million British Nationals (Overseas) (BN(O)), the vast majority of whom live in Hong Kong. We remain fully committed to providing the highest standard of consular and passport services to BN(O) passport holders.

CONCLUSION

61. The Foreign Secretary's six-monthly reports to Parliament reflect the UK Government's commitment to the faithful implementation of the Sino-British Joint Declaration on Hong Kong, an international treaty to which the UK is a party. We are fully committed to Hong Kong's continuing prosperity and stability and we will continue to comment on matters relating to this treaty as and when we judge it appropriate to do so. As part of this we will continue to issue reports to Parliament.
62. At the end of the six-month reporting period covered by this report we conclude that the 'One Country, Two Systems' principle of the Joint Declaration has worked well and that the rights and freedoms guaranteed in the Joint Declaration have been respected.



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