

Hong Kong: Under a Giant Shadow

By Iwasuke Sanada



Hong Kong's existence as a British Crown Colony will end on July 1, 1997. Returning to China's fold, the famous city will make a fresh start as the Hong Kong Special Administrative Region (HKSAR) of China.

A draft version of the Basic Law of the Hong Kong Special Administrative Region, in effect a mini-Constitution for the HKSAR, was revealed at the seventh plenary session of the Basic Law Drafting Committee on April 28. Designed to ensure a peaceful transition over the next nine years and guarantee the stability and prosperity promised Hong Kong by the Sino-British joint declaration of 1984, the mini-Constitution stipulates that Hong Kong's capitalistic economic system be retained for 50 years after 1997 under a policy of "one country, two systems."

The provisions governing fiscal administration, finance, currency, trade and land contracts also suggest the status quo will be maintained. Nonetheless, the new document places the HKSAR's chief executive and all employees of the Hong Kong regional government firmly under the control of China's central government. Meanwhile, it also proposes instituting a delegate system in the

Legislative Council to ensure that the will of Hong Kong citizens will be reflected in the administration. The mini-Constitution is, in a sense, already a step ahead of political reforms on the mainland.

As many as 650,000 copies of the draft version of the Basic Law have been distributed among Hong Kong's 5.6 million citizens. The copies were distributed, not coincidentally, at the counters of banks. The Bank of China, its branches equipped with automatic teller machines for use by cash card holders like any Western bank, has emerged in a prominent role in this key financial center.

Indeed, China's shadow looms larger day by day over Hong Kong. China-Taiwan and China-South Korea trade via Hong Kong is expanding rapidly, with the colony's reexports exceeding its direct exports in January and February this year. About 2,000 Hong Kong-based companies (including many established by Taiwanese capitalists) and their subcontractors employ approximately 2 million workers in Guangdong Province. They are especially active in Guangdong's three economic special zones. Capitalizing on its geographical advantages, Hong Kong is seeking to use cheap

labor on the mainland while converting increasingly to high-tech industries at home.

China also sees much to gain from Hong Kong, including a precedent for addressing another looming political issue: Taiwan. Visitors from Taiwan using Hong Kong as a bridge to meet their relatives in mainland China have already reached about 80,000. The *Hong Kong Economic Times*, which published the text of the new draft Basic Law on April 29, asked editorially how Taiwan's Kuomintang viewed the proposed legislation. Lin Liyun, a member of the Central Committee of the Chinese Communist Party, and Cai Zimin, a member of the chief delegation of the Taiwan Democratic Self-Government League, have said the law can serve as a model for a future "Taiwan special administrative region."

The coming of Chinese rule presents problems as well. Some observers have expressed fears that COCOM restrictions might affect Hong Kong nine years from now. This, together with the fact that as many as 8,500 of Hong Kong's backbone population of civil servants and bank workers emigrated from the colony last year alone gives cause for apprehension about the city's future.

Nonetheless, Hong Kong remains one of the gems of the Orient, bursting with dynamic vitality. The fashionably attired young people on the street, shop windows stocked with top-class articles from around the world and the bustling and boisterous stock exchange speak of the immense vigor of what should be called the "Hong Kong economic bloc." Despite its unlikely location on a tiny island and spit of land in an isolated corner of South China, Hong Kong's economic influence is felt worldwide.



China's shadow looms larger day by day over Hong Kong, a tiny though dynamic economic bloc which has just nine years left as a British colony.

Photo: Hong Kong Tourist Association

Iwasuke Sanada is a researcher in charge of matters relating to Hong Kong in the Current Affairs Department of the Institute of Developing Economies.