

Hong Kong

1. Some Facts (state of the world before Summer 2020).
 - (a) Very business friendly. Few restrictions on businesses, and capital flows. Low taxes. One of the richest cities in the world and also most expensive. Export oriented economy. Major exports in recent years: Electronic circuits and micro assemblies. Largest export destinations China, US, UK, Japan and Taiwan.
 - (b) 3rd leading financial center in the world (behind NY and London). 4th largest FX market, large stock market.
 - (c) Ranked as world's freest economy based on criteria such as rule of law, regulatory efficiency, size of government, market openness.
 - (d) Densely populated. 7.4M people.
2. What does HK mean to China?
 - (a) 70% of Guangdong province FDI comes from HK. Some Chinese capital is channeled through HK investment companies to take advantage of special breaks for external investors.
3. Why HK has been in the news lately. HK is supposed to be self-governed, even though it's part of China. 2 systems, 1 country. Three reasons.
 - (a) Umbrella movement (protests) 2014. HK leader called the Chief Executive. Beijing must approve all candidates for CE.
 - (b) Extradition agreement (2019). People arrested in HK could be extradited to China for trial and punishment.
 - (c) National Security Law (2020). Gives Chinese mainland security agents ability to operate freely and without local supervision. Complete takeover of HK.
4. Background:
 - (a) New Territories under 100 year lease, expires in 1997. HK island and mainland up to Boundary street was British.
 - (b) Mrs. Thatcher. Just won the Falklands war. 1984? Falklands are virtually uninhabited Islands east of Argentina. Shortly afterward, Thatcher to meet Deng Xiaoping to talk about extending the lease. Deng says no, and hence HK returns to China.
 - (c) Joint Declaration: (Britain and China). Agreement for HK to keep its system for 50 years. Last Governor Christopher Patten (1992-1997). Patten worked to democratize HK as much as possible from 1992-1997.
 - (d) HK constitution for these 50 years called the Basic Law. Recent actions by Beijing are in violation of the Basic Law