From: Martin B. Gold  
Sent: Friday, July 10, 2020 7:31 PM  
To: kastenco@aol.com; byron.dorgan@arentfox.com; ytimhutchinson@gmail.com  
Subject: Briefing Materials

Senators, good evening. Attached are briefing materials pertinent to emerging developments in Hong Kong. These materials are quite lengthy, because they include transcripts from House and Senate hearings held on recent Hong Kong legislation that passed both chambers. They also contain papers from the CRS and Foreign Affairs, as well as articles from major American newspapers. Several articles from the Global Times, a Chinese paper, are included.

I hope you will find these materials useful. Please feel free to contact me if you wish to discuss any of this.

My best.

Marty

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New Laws for Hong Kong:
Their Impact on the City and on US-China Relations

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Summary
The Department of State is obligated by law to certify to Congress annually whether Hong Kong continues to warrant differential treatment under U.S. law. After careful consideration, as required by section 301 of the Hong Kong Policy Act, I can no longer certify that Hong Kong continues to warrant such treatment.

This decertification should come as no surprise, given the facts on the ground. When the United Kingdom handed Hong Kong over to the Chinese Communist Party-led regime in Beijing in 1997, the hope was that free and prosperous Hong Kong would change China by leading the regime in a more liberal direction. China’s promise was that for 50 years, Hong Kong would have certain rights and a system of governance guaranteed by the Sino-British Joint Declaration, a UN-filed international treaty. Instead, authoritarian China has now changed Hong Kong.
The erosion of the territory's liberties has happened gradually over a period of years, and has accelerated since General Secretary Xi Jinping took power. In 2014, Beijing effectively ruled out universal suffrage as a means to elect the territory's leader. Dissidents were spirited out of Hong Kong into mainland China and forced to “confess” alleged crimes. Facing Beijing-backed advertising boycotts and other pressure, local media outlets self-censored their coverage of the CCP. Beijing announced the expulsion of U.S. journalists working from mainland China, and said it would prohibit them from reporting from Hong Kong as well.

In last year's report, I asserted that Hong Kong maintained “a sufficient – although diminished – degree of autonomy,” as an acknowledgement of Beijing's escalating assault on the territory. Since that report was issued, China has shed any pretense that the people of Hong Kong enjoy the high degree of autonomy, democratic institutions, and civil liberties guaranteed to them by the Sino-British Joint Declaration and the Basic Law.

In November 2019, the Legislative Affairs Commission of the National People's Congress Standing Committee issued a statement asserting that only the NPCSC has the power to decide whether Hong Kong laws comply with the Basic Law. This statement challenged fundamental principles of autonomy and the long-established practice of Hong Kong courts exercising the power of judicial review to adjudicate laws and review government actions.

On April 17, 2020, the Chinese government's Central Government Liaison Office (CGLO) in Hong Kong issued a statement claiming that CGLO and the central government's Hong Kong and Macau Affairs Office in Beijing are not bound by a provision of the Basic Law which states that “no department of the Central People's Government . . . may interfere in the affairs” of Hong Kong.

On May 22, 2020, the PRC announced a proposal at the National People's Congress (NPC) to unilaterally and arbitrarily impose national security legislation on Hong Kong, a procedural step which contradicts the spirit and practice of the Sino-British Joint Declaration and the One Country, Two Systems framework.

The people of Hong Kong turned out in the millions to protest these violations of their human rights and fundamental freedoms, not to mention China's betrayal of its own promises to the territory. Instead of listening to their grievances and finding a democratic solution, the Hong Kong government deployed tear gas and made mass arrests, including of peaceful demonstrators, while Beijing reportedly dispatched its People's Armed Police into Hong Kong, contrary to its promises under the Basic Law and the Sino-British Joint Declaration.

Hong Kong flourished for decades as a bastion of liberty and example of what China could aspire to.

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become. I hope that someday in the future, I will be able to recertify that the territory once again warrants differential treatment under U.S. law. Given present circumstances, the chance of that happening is remote. In the meantime, the United States stands with the people of Hong Kong as they struggle against the CCP's increasing denial of the autonomy they were promised.

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The text of the following statement was released by the Governments of the United States of America, Australia, Canada, and the United Kingdom.

Begin Text:

Signatories to this statement reiterate our deep concern regarding Beijing’s decision to impose a national security law in Hong Kong.

Hong Kong has flourished as a bastion of freedom. The international community has a significant and long-standing stake in Hong Kong’s prosperity and stability. Direct imposition of national security legislation on Hong Kong by the Beijing authorities, rather than through Hong Kong’s own institutions as provided for under Article 23 of the Basic Law, would curtail the Hong Kong people’s liberties, and in doing so, dramatically erode Hong Kong’s autonomy and the system that made it so prosperous.

China's decision to impose a new national security law on Hong Kong lies in direct conflict with its international obligations under the principles of the legally-binding, UN-registered Sino-British Joint Declaration. The proposed law would undermine the One Country, Two Systems framework. It also raises the prospect of prosecution in Hong Kong for political crimes, and undermines existing commitments to protect the rights of Hong Kong people – including those set out in the International Covenant on Civil and Intellectual Rights.

We are also extremely concerned that this action will exacerbate the existing deep divisions in Hong Kong society; the law does nothing to build mutual understanding and foster reconciliation within Hong Kong. Rebuilding trust across Hong Kong society by allowing the people of Hong Kong to enjoy the rights and freedoms they were promised can be the only way back from the tensions and unrest that the territory has seen over the last year.

The world's focus on a global pandemic requires enhanced trust in governments and international cooperation. Beijing's unprecedented move risks having the opposite effect.

As Hong Kong's stability and prosperity are jeopardized by the new imposition, we call on the Government of China to work with the Hong Kong SAR Government and the people of Hong Kong to find a mutually acceptable accommodation that will honor China's international obligations under the UN-filed Sino-British Joint Declaration.
U.S. Chamber of Commerce Urges Chinese Government to Preserve Hong Kong’s “One Country, Two Systems” Framework

Tuesday, May 26, 2020 - 8:00am

Washington, D.C. — The U.S. Chamber of Commerce issued the following statement today in response to China’s recent announcement to impose a new national security law on Hong Kong:

“The U.S. Chamber of Commerce represents U.S. companies with a significant presence and long-standing interests in Hong Kong.

“Hong Kong’s autonomy under the “one country, two systems” framework has long been among its greatest assets in fostering an innovative, transparent, rule-of-law-based economy that prizes the role of markets. We are therefore deeply concerned that the Chinese government is considering a sweeping national security law that could undermine this framework.

“It would be a serious mistake on many levels to jeopardize Hong Kong’s special status, which is fundamental to its role as an attractive investment destination and international financial hub.

“We therefore urge the Chinese government to find ways to peacefully de-escalate the situation in Hong Kong and preserve the “one country, two systems” framework that has worked so well for Hong Kong, China and the international business community.

“We likewise urge the Trump Administration to continue to prioritize the maintenance of a positive and constructive relationship between the United States and Hong Kong.

“Far-reaching changes to Hong Kong’s status under the U.S.-Hong Kong Policy Act as a separate territory in economic and trade matters would have serious implications for Hong Kong and for U.S. business, particularly those with business operations located there who exercise a positive influence in favor of Hong Kong’s core values.”

© The U.S. Chamber of Commerce
Overview

China’s legislature, the National People’s Congress (NPC), on May 28, 2020, adopted a decision authorizing its Standing Committee (NPCSC) to write national security laws that will apply only to China’s Hong Kong Special Administrative Region (HKSAR). The decision also requires the HKSAR government to pass local legislation to protect China’s national security, although previous attempts to pass national security legislation in the city have failed in the face of massive public protests.

Many observers see the NPC decision as a violation of China’s obligations under two of Hong Kong’s foundational documents. The first is the 1984 Sino-British Joint Declaration on the Question of Hong Kong, the international treaty on the transfer of sovereignty over Hong Kong from the United Kingdom to China on July 1, 1997. The second is China’s Basic Law of the HKSAR of 1990, which established the HKSAR. Both documents state that the HKSAR is to enjoy a “high degree of autonomy, except in foreign and defence affairs” and that the “rights and freedoms” of the people of Hong Kong will remain unchanged until at least 2047. Many observers also view the NPC’s decision as contrary to China’s “one country, two systems” policy, under which the people of Hong Kong are to govern Hong Kong. China insists the moves are necessary to “maintain and improve” the “one country, two systems” policy in a situation in which it believes the “one country” part of the formula has come under threat from advocates for resistance to China’s central government in Beijing.

On May 29, 2020, President Donald J. Trump accused China of extending “the reach of China’s invasive state security apparatus into what was formerly a bastion of liberty,” and of doing so in violation of the Joint Declaration and the Basic Law. In response, the President said he would “begin the process of eliminating policy exemptions that give Hong Kong different and special treatment.” He did not specify a timeframe for action. Multiple bills related to protecting Hong Kong’s autonomy are pending in the U.S. Congress.

NPC Decision

The NPC decision authorizes the NPCSC to “formulate” and impose on Hong Kong legislation “to improve the HKSAR legal system and enforcement mechanisms.” The legislation is to “effectively prevent, stop, and punish acts and activities endangering national security,” carry out national security education in Hong Kong, and report regularly to Beijing about Hong Kong’s national security work.

Finally, the decision states, “When needed, relevant national security organs of the Central People’s Government will set up agencies in the HKSAR to fulfill relevant duties to safeguard national security in accordance with the law.” It is unclear if these agencies will be branches of the national security organs, Hong Kong entities, or some form of joint entities. China’s central government currently maintains in Hong Kong a Liaison Office, an Office of the Commissioner of the Ministry of Foreign Affairs, and a garrison of 12,000 People’s Liberation Army soldiers.

Next Steps

Beijing

The NPC decision does not set a timeframe for the NPCSC to write the national security legislation or for central government national security organs to establish agencies in the HKSAR. The NPCSC, a select group of 159 of the full NPC’s nearly 3,000 delegates, has the authority to pass legislation on its own, without having to return it to the full parliament for a vote. Once the NPCSC adopts the authorized national security laws, the NPC decision allows the NPCSC to decide to add the laws to the list of national laws applicable to the HKSAR in Annex III of the Basic Law. The NPCSC meets approximately every two months. It last met on May 18, 2020.

Hong Kong

To comply with the NPC decision, the HKSAR government and Hong Kong’s Legislative Council (Legco) must pass the local legislation required by Article 23 of the Basic Law (See below). In addition, the HKSAR government is required to “promulgate and implement” the NPCSC-drafted national security legislation.

Article 23 of the Basic Law—The Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, sedition, subversion against the Central People’s Government, or theft of state secrets, to prohibit foreign political organizations or bodies from conducting political activities in the Region, and to prohibit political organizations or bodies of the Region from establishing ties with foreign political organizations or bodies.

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Reasons for the NPC Action

NPCSC Vice Chairman Wang Chen on May 23, 2020, alleged a surge in national security risks in Hong Kong over the last year justified the need for the NPC decision. He highlighted calls for Hong Kong independence, attacks on the Chinese national flag and national emblem, efforts to “incite” the people of Hong Kong to be “anti-China” and “anti-Communist Party of China,” activists’ “besieging” Chinese government’s institutions in Hong Kong, and alleged efforts to “discriminate against and exclude” people from mainland China. Wang lashed out, too, at external forces for providing “support and an umbrella for the anti-China forces disrupting Hong Kong.” Wang also argued that the HKSCC government’s failure for the last 23 years to comply with Article 23 of the Basic Law made the NPC decision necessary.

A 2003 effort by the HKSCC government to pass Article 23 legislation prompted an estimated 500,000-person protest and the subsequent resignation of then-Hong Kong Secretary of Security and now Legco member Regina Ip Lau Suk-yee. Many observers consider the 2003 protest a significant factor in China’s loss of support for then-Hong Kong Chief Executive Tung Chee-hwa, and his decision to resign in March 2005. (Officially, he resigned for health reasons.) No subsequent Chief Executive has submitted legislation to Legco to fulfill the requirements of Article 23 of the Basic Law.

Some Chinese officials and Hong Kong politicians called for passage of Article 23 legislation after the 2014 pro-democracy Umbrella Movement shut down portions of the city for nearly three months. Those calls increased in intensity following the outbreak of large-scale demonstrations in 2019 in response to the HKSCC’s attempt to revive a local ordinance to allow extraditions to mainland China. Chief Executive Carrie Lam Cheng Yuet-ngor declined to introduce Article 23 legislation, however, maintaining that conditions in Hong Kong were not suitable for addressing such a contentious issue.

Implications for Hong Kong

The NPC’s approval of the decision has started a process that may result in the people of Hong Kong being subject to national security laws imposed by China’s central government that are broader in scope than what is required by Article 23 of the Basic Law. For example, the NPC resolution requires the NPCSC laws to prohibit “terrorist activities” and “foreign and external forces interfering in the affairs of Hong Kong,” language which is not included in Article 23.

As a result, the NPCSC’s laws may end up prohibiting activities, behavior, and communications previously legal in Hong Kong. Some fear that efforts by Hong Kong residents to lobby the U.S. Congress could be considered illegal under the NPCSC’s laws, for example.

The establishment of new national security agencies in Hong Kong is another major concern for some. For example, it could open the way for mainland security personnel to conduct investigations and initiate criminal prosecutions in Hong Kong. During the 2019 protests, activists claim mainland security personnel were already secretly working with the Hong Kong Police Force.

U.S. Response

On May 27, 2020, before passage of the NPC decision, Secretary of State Michael Pompeo informed Congress, under the U.S.-Hong Kong Policy Act of 1992 (USHKPA) (P.L. 102-383), of his certification that Hong Kong does not continue to warrant treatment under U.S. law in the same manner as before its handover to China on July 1, 1997. In his May 29 remarks, President Trump said his new approach to Hong Kong would “affect the full range of agreements we have with Hong Kong, from our extradition treaty to our export controls on dual-use technologies and more, with few exceptions.” He also said the State Department would revise its travel advisory for Hong Kong “to reflect the increased danger of surveillance and punishment by the Chinese state security apparatus.”

Statements by China and the HKSAR Government

After June 3, 2020, meeting in Beijing with Chinese Vice Premier Han Zheng, Chief Executive Lam said Han had reiterated to her that the new national security legislation would target only “a small minority” of “criminals” in Hong Kong. On May 28, 2020, Chief Executive Lam welcomed the NPC’s decision, stating the NPCSCC’s national security law “will not affect the legitimate rights and freedoms enjoyed by Hong Kong residents.” Lam also acknowledged “that the Hong Kong SAR still has the legal responsibility to enact legislation in accordance with Article 23 of the Basic Law and should complete the legislation to safeguard national security as soon as possible.”

Issues for Congress

It remains unclear how President Trump might implement his new policies on Hong Kong. The USHKPA authorizes the President to determine in an Executive Order “that Hong Kong is not sufficiently autonomous to justify treatment under a particular law of the United States, or any provision thereof, different from that accorded the People’s Republic of China.”

In 2019, Congress passed the Hong Kong Human Rights and Democracy Act (P.L. 116-76) in response to the proposed changes to the HKSCC’s extradition law and to provide support to the protesters. Congress may consider passage of other legislative measures to address the threat to Hong Kong’s autonomy and the human rights of Hong Kong residents. The Hong Kong Be Water Act (H.R. 5725 and S. 2758) would authorize the President to impose sanctions on persons and entities suppressing freedoms in Hong Kong. H.R. 6947 would allow the President to recognize Hong Kong as an independent country. S. 3798 would impose sanctions on “foreign persons” who are responsible for the erosion of China’s fulfillment of its obligations under the Joint Declaration.

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Revoking Hong Kong’s Preferential Trade Status: Legal Framework and Implications

June 5, 2020

On May 30, 2020, President Trump announced that his Administration would begin the process of eliminating U.S. policies that provide Hong Kong with special and different treatment from the People’s Republic of China (China), including revocation of “Hong Kong’s preferential treatment as a separate customs and travel territory from the rest of China.” The President also indicated the potential to sanction officials from Hong Kong and China directly or indirectly involved in eroding Hong Kong’s autonomy. This Sidebar presents the legal framework that currently applies to Hong Kong’s status as a separate customs territory from China and several potential implications of such a revocation.

Background

On May 28, 2020, the National People’s Congress of China approved a decision authorizing its Standing Committee to enact laws to prohibit acts and activities in the Hong Kong Special Administrative Region that it considers as undermining its national security. The same day, the United States, United Kingdom, Canada, and Australia issued a joint statement expressing “deep concern” about the decision, suggesting that such a law would “dramatically erode Hong Kong’s autonomy” and conflict with China’s international obligations stemming from, among other things, a Sino-British Joint Declaration on the Question of Hong Kong to respect such autonomy. In addition, the U.S. Secretary of State issued a report (State Department Report) finding that Hong Kong is no longer sufficiently autonomous from China to warrant certain privileges under U.S. law that allow Hong Kong to be treated differently than China. Following the State Department Report, the President announced on May 30, 2020, that his Administration will take actions to curtail these privileges, including by no longer treating Hong Kong, the United States’ 15th-largest export market, as a separate customs territory from China.

Legal Framework for Hong Kong’s Preferential Trade Status

The current U.S. legal framework that applies to Hong Kong was initially enacted in 1992 in anticipation of Hong Kong’s transfer from British to Chinese control. This section first provides a brief overview of
the legal status of Hong Kong vis-à-vis China, and then sets out how the U.S. legal framework applies this status.

**Hong Kong’s Legal Status as a Special Administrative Region**

From 1842 to 1997, the United Kingdom exercised sovereignty over Hong Kong. In 1984, the Chinese and British governments negotiated the Sino-British Joint Declaration on the Question of Hong Kong (Joint Declaration), which transferred control of Hong Kong to China in 1997 while articulating certain rights for Hong Kong. In particular, the Joint Declaration states that Hong Kong shall be designated a “special administrative region” of China, as permitted by Article 31 of the Chinese Constitution. It also stipulates that Hong Kong “will enjoy a high degree of autonomy, except in foreign and defence affairs” for fifty years after 1997. Additionally, the Joint Declaration states that Hong Kong “will retain the status of a free port and a separate customs territory” and may enter into international agreements and participate in international organizations under the name “Hong Kong, China.”

These guarantees are codified in Hong Kong’s Basic Law, passed by the National People’s Congress of China in 1990. The Basic Law also adds that, as part of Hong Kong’s status as a separate customs territory, its “export quotas, tariff preferences and other similar arrangements . . . remain valid” and it “may issue its own certificates of origin.” Pursuant to this arrangement, Hong Kong has remained a member of the World Trade Organization (WTO) and negotiated a number of trade agreements, including one with China.

**U.S. Legal Framework on Hong Kong’s Status**

To recognize the Joint Declaration, the United States enacted the U.S.-Hong Kong Policy Act of 1992, which it later amended in the Hong Kong Human Rights and Democracy Act of 2019. Under this legal framework, Congress states that, among other things, the “United States should continue to fulfill its obligations to Hong Kong under international agreements, so long as Hong Kong reciprocates,” and the “United States should respect Hong Kong’s status as a separate customs territory, and as a WTO member country.” Further, it adds that the United States should “grant the products of Hong Kong nondiscriminatory trade treatment by virtue of Hong Kong’s membership in the General Agreement on Tariffs and Trade” (i.e., GATT, the WTO’s predecessor) and “recognize certificates of origin for manufactured goods issued by” Hong Kong.

To implement these policy statements, these acts approve the following: (1) continued application of existing U.S. laws to Hong Kong in the same manner as they applied prior to July 1, 1997, unless otherwise provided for by law or executive order; and (2) continuation of all international agreements to which the United States and Hong Kong are members, provided these agreements were in force on or after July 1, 1997, and entered into before November 27, 2019.

The President may decide to suspend application of a U.S. law that provides Hong Kong with treatment different from that accorded to China if he determines that “Hong Kong is not sufficiently autonomous to justify” such different treatment. Such a determination must be done via executive order and may be rescinded by a subsequent executive order if the President determines that Hong Kong has regained sufficient autonomy to qualify for differential treatment.

In addition, the President may determine whether Hong Kong is legally competent to carry out its international obligations or “that the continuation of Hong Kong’s obligations or rights under any such treaty or other international agreement is not appropriate under the circumstances.” Such a finding must be reported to Congress. The precise consequences of the President’s exercise of this authority are unclear, as the statute does not set out what the President may do following such a finding. This may
reflect the fact that the processes for suspending, terminating, or withdrawing from treaties and other international agreements differ depending on the terms of the agreements.

When executing his powers under these acts, the President must consult with Congress, a requirement that reflects the executive branch’s sole authority to recognize governments and their boundaries (i.e., to recognize that China is not only sovereign over but also controls Hong Kong) and Congress’s role in certain foreign affairs, including regulating foreign commerce.

Implications of Revoking Hong Kong’s Trade Status

The President has not specified precisely when or how his Administration intends to withdraw Hong Kong’s trade status under U.S. law. This section discusses several options that the Administration may be considering under the current legal framework, and the implications of doing so.

Hong Kong’s Customs Status Under U.S. Law

The U.S. Department of Commerce and U.S. Customs Service (now U.S. Customs and Border Protection) promulgated regulations to continue to treat Hong Kong as a separate customs territory, as it had been treated while under British control. Under the U.S.-Hong Kong Policy Act of 1992, the President may issue an executive order suspending application of these regulations if the President determines in that order that Hong Kong is not sufficiently autonomous to justify this differential treatment.

Absent this separate treatment, Hong Kong may be subject to the same tariffs and other trade determinations that apply to China. However, there may be questions about whether all such treatment can be extended immediately if the President revokes Hong Kong’s special status. Some of the uncertainty arises from whether the United States still intends to acknowledge Hong Kong as a member of the WTO separate from China. If the United States intends to continue treating Hong Kong and China as distinct members, then the United States may impose the same tariffs on Hong Kong as apply to China only insofar as they are consistent with WTO rules, including the most-favored-nation principle, which generally requires a WTO member to extend the same trade benefits to all other members. However, if the United States intends to stop recognizing Hong Kong as a separate WTO member, then it could argue that these WTO obligations do not apply.

Hong Kong and the WTO

Hong Kong retains its own membership in the WTO (separate from China), as the organization permits customs territories, in addition to countries, to join. As stated above, the Joint Declaration and Basic Law permitted Hong Kong to retain its membership in the WTO’s predecessor (i.e., GATT) and carry over this membership to the WTO in 1995 (which China did not join until 2001). Other nonsovereign customs territories are also WTO members, including Macao and Taiwan, which has led to what some refer to as a “One China, Four WTO Memberships” phenomenon.

It is unclear whether the Trump Administration intends to revoke its recognition of Hong Kong as an independent WTO member. The 2020 State Department Report appears limited to finding that Hong Kong lacks sufficient autonomy to justify differential treatment “under U.S. law,” and makes no express finding that Hong Kong is not “legally competent” to carry out its WTO obligations, or that it would be inappropriate to continue recognizing Hong Kong as a WTO member. That said, should the Trump Administration consider taking steps in this direction, there are several legal issues to consider.

First, any actions that President Trump may take under U.S. law do not affect Hong Kong’s status as a WTO member vis-à-vis other WTO members. In other words, Hong Kong would not lose its WTO
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membership due to any potential U.S. actions to revoke its trade privileges under U.S. law, and other WTO members are not required to adhere to a U.S. decision on the matter.

Second, the question whether a determination that Hong Kong is effectively no longer autonomous from China relieves the United States from its international obligations to Hong Kong is more complex. Hong Kong is not a sovereign State—although its independent legal personality from China has led some to describe it as a “quasi-State.” Thus, if the United States concludes that Hong Kong no longer has a separate legal personality or legal capacity from China, one might argue that the United States no longer needs to respect its WTO obligations to Hong Kong, as only actors with international legal personality may incur or be owed international obligations. Hong Kong could, however, argue that it retains its legal personality, at least with respect to trade, as this status remains in effect under the Basic Law. Thus, if future U.S. actions raise questions about WTO compliance, Hong Kong could take actions separate and apart from China against the United States, including raising questions in the relevant WTO committees, or initiating a dispute by requesting consultations under the WTO’s Dispute Settlement Mechanism. The United States may refuse to participate in such proceedings, but its unilateral determination cannot prevent Hong Kong from seeking to assert its rights as a WTO member.

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House Foreign Affairs Committee hearing The End of One Country, Two Systems?: Implications of Beijing's National Security Law in Hong Kong

July 01, 2020

COMMITTEE HEARING

REP. ELIOT L. ENGEL, D-N.Y.

HOUSE FOREIGN AFFAIRS COMMITTEE HEARING THE END OF ONE COUNTRY, TWO SYSTEMS?: IMPLICATIONS OF BEIJING'S NATIONAL SECURITY LAW IN HONG KONG

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HOUSE FOREIGN AFFAIRS COMMITTEE HEARING THE END OF ONE COUNTRY, TWO SYSTEMS?: IMPLICATIONS OF BEIJING'S NATIONAL SECURITY LAW IN HONG KONG

JULY 1, 2020

SPEAKERS:

REP. ELIOT L. ENGEL, D-N.Y., CHAIRMAN
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REP. TED YOHO, R-FLA.
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REP. STEVEN WATKINS JR., R-KAN.
REP. MICHAEL GUEST, R-MISS.
REP. NANCY PELOSI, D-CALIF., SPEAKER OF THE HOUSE
WITNESSES:
CHEUK YAN LEE, GENERAL SECRETARY, HONG KONG CONFEDERATION OF TRADE UNIONS
CAROLE J. PETERSEN, PROFESSOR OF LAW, WILLIAM S. RICHARDSON SCHOOL OF LAW, GRADUATE CHAIR, MATSUNAGA INSTITUTE FOR PEACE, UNIVERSITY OF HAWAI'I AT MANOA
BRIAN LEUNG, PH.D. CANDIDATE, UNIVERSITY OF WASHINGTON
NATHAN LAW, FORMER HONG KONG LEGISLATIVE COUNCIL MEMBER
(CORRECTED COPY: CORRECTS SPEAKER ID)
SHERMAN: The Committee on Foreign Affairs will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point and all members will have five days to submit statements, extraneous materials and questions for the record, subject to the length limitations and the rules. To insert something in the record, please have your staff e-mail the previously mentioned address or contact the full committee staff.

I see that we have a quorum. And before I go forward, I understand the speaker of the House, Ms. Pelosi, will be stopping by this hearing and I ask unanimous consent that she participate at any point she arrives during the hearing. So ordered.

(CROSSTALK)

SHERMAN: And there she is.

Madam Speaker, would you like to make some remarks?

PELOSI: Thank you very much, Mr. Chairman.

I thank you, Mr. McCaul, Mr. Eliot Engel for having this hearing today.

It is with great sadness that I come here because we had such optimism and such hope. The U.S. Congress has always spoken in a bipartisan -- House and Senate, Democrats and Republicans, with one voice in defense of those who are oppressed (ph) by Beijing and in support of freedom, justice and real autonomy for the people of Hong Kong.

We continue to urge President Trump to hold Chinese officials accountable for abuses including taking steps under the Hong Kong Human Rights and Democracy Act. We must consider all tools available, including visa limitations and economic penalties.

PELOSI: But here today I'm very honored to join Cheuk Yan Lee, general secretary, Hong Kong Confederation of Trade Unions; Carole Peterson, professor of law, University of Hawai'i; Brian Leung, Ph.D. candidate, University of Washington; and virtually/electronically, Nathan Law, legislative council - a former member of Leg. Council of Hong Kong and former chairman, Demosisto.

For -- again, for years, the world has watched in horror as Beijing has accelerated his -- its campaign to dismantle the rights and freedoms of the people of Hong Kong, from its brutal response to peaceful protests to the introduction of the horrific extradition law that we condemned.

It -- so many times -- this committee, Mr. McCaul, Mr. Eliot Engel; in the Senate, Marco Rubio, Mr. Cardin and others have put -- now, Chris Van Hollen, Mr. Toomey over there -- Democrats and Republicans have put the bright spotlight on what is happening.

The China -- the Executive Commission on China -- chaired by Mr. McGovern and co-chaired by Chris Smith -- Vice Chair Chris Smith -- have worked very hard with hearings, et cetera, as has this committee, to call attention to all of this.
The Lantos Commission on Human Rights, a former chair of this committee in a bipartisan way has called attention to all of this over the years, since Tiananmen Square, and then in terms of Hong Kong more specifically, leading up to 1987 and including that.

And what's so sad about it is that the Chinese just think -- the Chinese regime just thinks that they can act with impunity in repressing the spirit of democracy.

Two million people turned out against the law -- the extradition law, 2 million people. That's a big crowd in the United States. But when you understand it was 25 percent of the population of Hong Kong that's just -- almost anybody who could go out, showed up against what the Chinese regime was going to do.

And what they want to -- they want -- the most horrible form of horror -- I just keep using the same word -- for someone who is fighting for democracy or is imprisoned because -- it is for the Chinese regime to say nobody cares. They're not even paying attention to what you're doing. Nobody remembers you. That you're in prison and that -- or why you're even there.

Well, we know why they're there. Something deep in the souls of all of us; something that the young people commemorated in Tiananmen Square, having the Goddess of Democracy as their symbol; something that we have led the way on and that we cannot turn our backs on.

When Beijing announced its intention to pass the so-called national security law, so-called, we were concerned. It's frightening. It is nothing short of an all-out effort to negate the rights of the people of Hong Kong in violation of the agreements made under the one country, two systems.

We were concerned of what it might be, and it exceeds even those horrors. The law is a brutal, sweeping crackdown against the people of Hong Kong, intended to destroy the freedoms they were promised.

Thanks to you, to the committee, for holding this hearing which asks the question: Is this the end of the one country, two systems?

PELOSI: It seems as it is -- as I have stated, Beijing's so-called national security that (ph) passed on the eve of the 23rd anniversary of the handover of Hong Kong from the U.K. to China signals the death of the One Country, Two Systems principle. The purpose of this law is to frighten, intimidate, and suppress the people of Hong Kong who are peacefully demanding the freedoms they have long been owed.

All freedom-loving people must come together to condemn the law, which accelerates Beijing's years-long assault on Hong Kong's political and economic freedoms.

Many of us have been working for -- Mr. Smith and I have been working for, what, three generations. Martin Lee, another generation. Now, Nathan Law and Joshua, to see the courage of these people speaking out as they have done. And to see it -- matters just getting worse in terms of the regime.
Of course, right now, we’re also concerned about the Uighurs in China, the Tibetans in Tibet, the -- the -- the list goes on. But in terms of Uighurs, what we’re finding out this morning is not only are they putting Uighurs in concentration camps, they are -- by social media and the rest -- tracking Uighurs throughout the world and what they’re communication is with people inside.

So this reaches into our own -- reaches into our own country. Again, I’ll say, all freedom-loving people must come together to condemn this law. We must work together in a multilateral way to monitor the implementation of this law and hold Beijing accountable for its violations of the Joint Declaration and the basic -- basic law.

As I’ve said many times over, I’ve said this over and over again, if we do not speak out for human rights and democratic freedoms in China -- let’s just talk about human rights. If we do not speak out for human rights and religious freedom in China, we use -- lose all moral authority to speak out any place if we’re -- our silence is because of commerce.

We refuse to speak out on human rights in China because of commercial interests, we lose all moral authority to speak out for human rights any place in the world.

Again, Mr. Chairman -- acting Chairman, Mr. Sherman, thank you for the recognition. Thank you to Mr. McCaul and to the members for the opportunity to -- with unanimous consent, to express some of the views which I hold to be bipartisan, bicameral in support of the people of China, in this case Hong Kong.

I yield back...

SHERMAN: I want...

PELOSI: Thank you.

SHERMAN: Madam Speaker, I want to thank you for your decades of fighting for human rights, particularly for the people of China. And your presence here underlines for the world the importance that America puts on the subject of this hearing, so thank you. Thank you very much and thank you for mentioning the Uighurs as well.

PELOSI: Thank you. Thank you, Mr. Chairman.

SHERMAN: As a reminder to members, staff and all others physically present in the room, per the guidance of the Office of Attending Physician, masks must be worn at all times during today’s proceedings and are strongly advised when a member is speaking from their microphone. Please also sanitize your seating area.

The chair views these measures as a safety issue and, therefore, an important matter of order and decorum of this proceeding.
Please keep your video function on all at all times if you are participating remotely, even when you are not recognized by the chair.

Members are responsible for muting and unmuting themselves. And please remember to mute yourself after you finish speaking.

Just a few minutes before the hearing was scheduled to begin, I learned that our distinguished chair, Eliot Engel, could not attend -- or at least could not attend for the first portion of this hearing.

SHERMAN: He has done an outstanding job of chairing hearings year after year and I will try to fill in for him here today.

I don't -- I'm scurrying around trying to put together an opening statement, and so I will first recognize the ranking member to deliver his opening statement, after which I'll recognize myself for five minutes.

MCCAUL: Thank you, Mr. Chairman.

And thank you, Madam Speaker, for being here today. That shows how important this hearing is. You have been a steadfast champion of human rights and democracy around the world. And if we don't -- you're right, if we don't have moral authority here, we have it nowhere. And just -- I think it means a lot to us on both sides of the aisle that you have taken the time from your busy day to be here and to be in our presence.

Today is the 23rd anniversary of the handover of Hong Kong to the Chinese Communist Party. Under the Sino-British Treaty that set up this handover, the people of Hong Kong were promised One Country, Two Systems where they could be allowed some level of autonomy. The One Country, Two Systems approach worked well for many years. But recently, the CCP began to rapidly erode this system by peeling away the rights and freedoms guaranteed to the people of Hong Kong.

And then, yesterday, the CCP took a sledgehammer to One Country, Two Systems by passing sweeping so-called national security legislation that strips away the autonomy of Hong Kong, violating the terms of the Sino-British Treaty. They view democracy, individual liberty and free markets as a threat, and have declared war on each.

Unfortunately, this wasn't the CCP's only act of brutal suppression we learned about this week. On Monday, the world was made aware, the Chinese Communist Party is using forced sterilization, forced abortion and coercive family planning against ethnic minorities, including the Uighur Muslims.

It's clear the CCP does not care about the people of China, they only care about preserving their own power. And by brutally suppressing democracy in Hong Kong, the CCP is challenging the underlying assumptions that have guided the world since the end of the Cold War.
We sit here, as the speaker said, not as Republicans or Democrats, but as Americans, united in our strong support for Hong Kong. This is a battle between democracy and dictatorship, between liberty and tyranny, and between freedom and oppression. And it is a battle that the world must win.

I'd like to take this opportunity to speak directly to the people of Hong Kong.

America stands with you, and America will always support you. Last year, when we heard you sing our national anthem, and when we saw you carrying our American flag, we knew -- and we know -- that you were telling us we are not two people but one, both united in our belief in freedom and democracy for all.

Today is not just the anniversary of the first handover of Hong Kong to the CCP, it's also the one-year anniversary of a heroic act by one of our witnesses here today, Brian Leung. One year ago today, during demonstrations in Hong Kong, Mr. Leung gave a moving speech where he reveals his identity, subjecting himself to significant prosecution.

I met another -- one of our witnesses, Nathan Law, last year, when we passed the Hong Kong Human Rights and Democracy Act. He is an incredible young man who, along with other democracy activists like Joshua Wong, are risking their safety and security every day to fight for freedom. They are all commendable, and I'm grateful to have them with us here today.

As Chairman Engel and I said in a letter earlier this year, quote, "It is critical that the United States use the available tools under the Hong Kong Human Rights and Democracy Act and other authorities to make clear Beijing -- to Beijing that its violations of international commitments and its commitments to the people of Hong Kong will have consequences."

And I urge the administration to issue the sanctions authorized by this Congress.

With this hearing today, we have this opportunity. America stands in solidarity with the freedom-loving people of Hong Kong, and we'll continue to be a beacon of hope for all those fighting for democracy around the world.

And so with that, Mr. Chairman, I thank you and I yield back.

SHERMAN: Thank you.

Consistent with House Resolution 965 and the accompanying (ph) regulations, staff will only mute members and witnesses as appropriate when they are not under recognition and they will do that for the purpose of eliminating background noise.

Pursuant to notice, we meet today to discuss the new national security law that the Chinese government has forced on the people of Hong Kong, on the 23rd anniversary of the handover. This is Beijing's latest and most aggressive challenge to Hong Kong's autonomy.

I now recognize myself for five minutes as an opening statement.
It is important to know how we got here. In 1997, we had the adoption of the One Country, Two Systems arrangement that guaranteed 50 years of relative autonomy to Hong Kong, freedom of expression, independent judiciary, strong democratic systems. And over the past two decades, Hong Kong's unique status has allowed it to flourish, to prosper.

Human capital, privileged financial position as a gateway to China with a trusted common law system of law and courts have turned Hong Kong into a hub of finance and trade.

Historically in Hong Kong, corruption is low, contracts are honored, judges can rule fairly and independently, journalists and academics enjoy freedom of expression and human rights are generally respected. Hong Kong has seen its success create a vibrant society.

This is a glaring embarrassment to the Chinese mainland. One Country, Two Systems is an embarrassment if the smaller system is working much better.

Now, this does not mean that Hong Kong was perfectly free, or that the system it had in place last year was perfectly democratic. But compared to the government in Beijing, it shows the people of China what can be done by moving in the direction of freedom.

In December, as chair of the Asia Subcommittee, I hosted a hearing titled, "Authoritarianism with Chinese Characteristics: Political and Religious Human Rights Challenges in China." And that hearing featured the vice president of the City University of Hong Kong Students Union, Joey Siu.

The committee passed a resolution at my suggestion by unanimous consent last year, supporting the right of Hong Kongers to protest. No one should face life in prison for going to the street to voice their opposition. Not in this country, not in Hong Kong, not anywhere.

The One Country, Two Systems was designed to safeguard Hong Kong's role as a thriving financial center. Now, Hong Kongers are fleeing Hong Kong out of fear for their safety, and we should support their right to do so, though the right we really want to support is the right of all Hong Kongers to the level of autonomy promised in the One Country, Two Systems agreement.

SHERMAN: We have witnessed, in the last 24 hours, nothing short of terrifying events in Hong Kong. We need to reject this Chinese violation of China's own international commitments and the commitments they have made to their own people.

The peoples of Hong Kong expected China to honor the commitment under the two systems part of the agreement. But over the past few years Beijing has chipped away at Hong Kong's freedoms.

In 2014, when officials in Beijing curtailed voting rights for the people of Hong Kong, a new generation democracy activists under the banner of the Umbrella Movement came to the forefront. Year after year, injustice after injustice, a broadening coalition of Hong Kongers from all walks of life have taken to the streets to protest their rights.
Now, Chinese President Xi Jinping has launched an unprecedented attack against Hong Kong. Beijing's national security law undermines the very essence of Hong Kong's autonomy by introducing a new range of offenses and punishments for so-called crimes against the state. The legislation will compromise Hong Kong's independent judiciary, and severely curtail freedom of expression and criminalize dissent.

So why is China willing to break these commitments? Unfortunately, when we look down Pennsylvania Avenue, we see an administration willing to in effect tell China that its obligations to human rights, whether it be in Hong Kong or whether it be the Uighur people, will simply not catch the attention of the American administration.

We have squandered months without speaking out at the executive level. Hong Kong's been on the backburner in an effort to sell soybeans, and we haven't even sold the soybeans. President Trump spent January and February this year praising Xi personally for how he handled the coronavirus. Now, he's -- you know, he has taken the exact opposite approach.

We need consistency in the White House and we need a consistent adherence to our own standards of human rights.

I'm grateful to our witnesses for the insight and experience they bring us. And I will now move toward introducing the witnesses.

Our first witness is Mr. Lee, Cheuk Yan, a former member of the Hong Kong Legislative Council. He is the general secretary of the Hong Kong Confederation of Trade Unions and vice chairman of the Hong Kong Labour Party. And why don't we hear from...

MCCAUL: Mr. Chairman?

SHERMAN: ... Yes?

MCCAUL: Mr. Smith would like to make a few opening remarks, if that would be acceptable?

SHERMAN: Were your opening remarks less than five minutes, Mr. McCaul?

MCCAUL: I wasn't keeping time, but it was three -- three minutes.

SHERMAN: I think that would open it up to everyone here. Is there...

CONNOLLY: Mr. Chairman?

SHERMAN: ... Yes?

CONNOLLY: I ask unanimous consent that Mr. Smith be recognized for three minutes.

SHERMAN: Seeing unanimous consent, I want to hear from a champion of human rights. Mr. Smith?

SMITH: Thank you very much. And thank you, Mr. McCaul. Thank you, Mr. Chairman. And thank you to my good friend from Virginia.

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Thank you, Madam Speaker, for your very eloquent statement and for -- we have worked together for well over three decades on combating human rights abuse by China.

During the Tiananmen Square, during the MFN battles, and all the others we were joined in a very, very bipartisan way. Frank Wolf you might recall, Tom Lantos, all of us speaking very aggressively against aiding and abetting this horrific dictatorship, which has only gotten worse under Xi Jinping. So thank you for your leadership.

Mr. Chairman, the great freedom-loving people of Hong Kong have just had another draconian, anti-democratic law imposed upon them and that is called the so-called national security law. It severely penalizes democracy activists.

And even terms like collusion are outlined in the new law, and it defines that any contact with external actors -- like human rights organizations, journalists, members of Congress, those great people like Joshua Wong and others who have come here and said all it is we're asking Xi Jinping is for freedom, that's it, and to live up to your own promises made in the basic law and in the joint -- communicated between Hong Kong and China, which facilitated the transfer or the conveyance of Hong Kong to China.

They have broken their word. You know, words matter. And it is a matter of international law that they committed for at least 50 years to having these two Chinas -- two systems, one China. And now, they're breaking it with impunity.

Let's not forget that Xi Jinping continues to commit pervasive human rights abuse against the Chinese people, including the use of torture, which has been documented over and over again by the special rapporteurs for the United Nations; forced abortion; forced sterilization.

Mr. McCaul rightly pointed out that they're using those tools of repression as a means of genocide to eliminate the Muslims in the Xinjiang region, 10 million strong. They're going after them to destroy their children, to destroy their families and, of course, 1 million to 2 million are in concentration camps.

The crushing (ph) of the Tibetan continue unabated and, of course, there's no labor rights. And under Xi Jinping under what he calls Sinicization, there's an all-out effort to end all religious practice unless it comports with Marxist principles. It's called Sinicization and it is getting -- going from bad to worse.

The Hong Kong Human Rights Act -- and I was the House sponsor of it -- it was a bipartisan bill, obviously. Mr. Suozzi was our principal co-sponsor, 130 co-sponsors or so -- backed by just -- by everybody on this committee. That is now law and the president did sign it.

And pursuant to that law, on schedule, he did make the statement that the loss of autonomy has happened. So we are -- we need to unite now. Democrats, Republicans, we've done it before. We've got to do it with the president. And the world needs to unite against this pervasive human rights abuser Xi Jinping and this draconian law that they just put into effect.
Thank you, Mr. Chairman. And I yield back.

SHERMAN: Thank you for those comments and for decades of dedication to human rights.

I'm going to introduce all the witnesses and then call on them in turn. Our second witness is going to be Professor Carole J. Petersen, professor of law at the William S. Richardson School of Law and graduate chair in the Sparks M. Matsunaga Institute of Peace at the University of Hawaiʻi at Manoa.

Next, we will have Mr. Nathan Law, the founding chairman of the pro-democracy organization Demosisto, and the youngest-ever elected lawmaker, when he won a seat on the Hong Kong Legislative Council in 2016.

Last, we will have Brian Leung Kai-Ping, a Hong Kong democracy activist known for reading a statement on behalf of the protesters at the Legislative Council that crystallized (ph) the five demands for the 2019 anti-extradition movement.

I'd like to thank you witnesses for being here today. I'll recognize each witness for five minutes. And without objection, your prepared written statement will be made part of the record.

I will first call upon Mr. Yan (sic) for his testimony.

LEE: Thank you, Chairman.

Think of the (inaudible). It's all about situation of Hong Kong at this very desperate (ph) moment. The passing of the national security law by the National People's Congress yesterday has (inaudible) that doesn't help (ph) for One Country, Two Systems.

The people of Hong Kong was not shown any wordings of the law for anyone's (inaudible), due to the (inaudible) of the Chinese Communist Party on the rights of the people of Hong Kong. This represent a second handover from Hong Kong, and for me personally, my foot hand over.

On July 1st, 1997, Hong Kong was handover to China by the British government under the promise of one country, two system guaranteed by the basic law. The imposition of national security law on Hong Kong represent a second handover with the promise of high autonomy for 50 years are broken, and Hong Kong was hand over back to China as one country, one system.

For me personally this is my third handover, why is that? I was arrested on June 5th, 1989, just after Tiananmen Square massacre for bringing support to the democracy movement in Tiananmen Square to support our people of Hong Kong.

Thanks to a strong outcry in Hong Kong, I was released after three days, and since that day I devote my lifetime to work to it and try to change this in China as one of the leaders in the Hong Kong Alliance is a fort of patriotic democratic movement in China.
After the passing of national security law, will people like me be tried in Hong Kong or handover to China for trial because of a condemnation of Tiananmen Square massacre and our candlelight vigil every year, or the (inaudible) of June 4th Museum and our continued support for human rights in China, would there be a fourth handover awaiting me?

The new law just promulgated 11 p.m., 30th of June 2020 is a complete destruction of the rule of law in Hong Kong, and threaten of every aspect of freedom the people of Hong Kong enjoy under the international human rights standards or (inaudible) of law (ph).

When I read through the detailed description of four (inaudible) lessons (ph) to create (ph) a crime (ph), subversion, succession, terrorism, and collusion with foreign power, the net is spread very, very wide, and I believe the exhausting (ph) of law, what come -- go into the mind of the (inaudible) Communist Party, it's all the action taken over the past protest movement.

So they're all -- when they are so angry with the protest movement, so they come after that (ph) and try to criminalize every act in the past and try to cover it this time in -- under the national security law so that it can be a revenge (ph) against the people of Hong Kong for what we have done in the past year. To give you an example, waving of foreign threat or threat for independence may come under a success -- the crime is the second (ph).

Accurate today, on July 1st, there are already people just because they waved something, like a threat, and they are arrested, and even the police had someone make a banner warning people that if you wave a flag or say (ph) a slogan, you may be charged under the law of national security law of secession or subversion.

And other things also included in the law is to attack or damage Hong Kong government facility, rendering it unable to function or severely interfere with the legal functioning of the state apparatus by violence or illegally can be caught by subversion.

And of course we don't like to see damage of government facility, but is that subversion, or damaging public transport can fall under terrorism and collusion of foreign power included through illegal means in promotional hatred towards a central government. No, no one want to promote hatred that -- we just want freedom.

Or severely block the Hong Kong government or central government from implementation of laws and policy with serious consequences. So, collusion would include blocking of policy? No. So this -- the law will, and also another enforcement of the law, the law will be enforced by national security agency with personnel from China and Hong Kong with the special unit of the Hong Kong police. And the power to search, conduct secret surveillance, intercepting of communication, which actually, everyone know this is the operational legacy for police.
And applying this law in Hong Kong, many people had asked where did the Hong Kong Alliance, our organization, (inaudible) ends to one-party rule state (ph), or our part of human rights defender in China seem to be subversive.

Can people in Hong Kong chant the slogan, down with (inaudible) or defund the police and get, kind of, averting (ph) the Hong Kong government, was the media reporting that we see an aiding and abetting.

SHERMAN: Mr. Yan.

LEE: Yes?

SHERMAN: Your five minutes is expired, if you could give us one or two -- just a couple of sentences then I need to move onto the next witness.

LEE: OK, with the destruction of one country two system and rule of law in its place, rule of fear, Hong Kong has to learn to live and survive in a very, very suppressive environment, and still we must retain the will to resist. And for us, we will continue our positivity's and not deter by the new authoritarian law. We will fight on for freedom and democracy. Thank you.

SHERMAN: Thank you. Now I recognize Prof. Peterson for five minutes.

PETERSON: Thank you for the opportunity to testify this morning (inaudible) and on behalf of my university or any organization. I taught law in Hong Kong from 1989 to 2006, and I co-wrote a book on the local government's first attempt to a national security legislation. Although I now teach in Hawaii, I continue to visit Hong Kong for research, and I've spent most of my academic career writing about Hong Kong.

My initial written testimony submitted two days ago is based on the limited summary of the law that had been published at that point. Now that the actual law has been published, I have no doubt that it violates China's obligations under the Sino British joint declaration.

The joint declaration makes it clear that Hong Kong is to operate a separate criminal justice system, it shall maintain its common-law legal system, control criminal prosecutions free from any interference, and exercise independent judicial power.

Unfortunately, this law destroys that firewall. It allows mainland Chinese security personnel to operate openly in Hong Kong and in some cases to remove individuals entirely from the protections of Hong Kong's legal system. As Mr. Lee said, it establishes numerous institutions in Hong Kong, which will be directly under the authority of the Chinese central authorities.
The office for safeguarding national security will be functioning in Hong Kong to collect and analyze information (inaudible) coordinate support and generally supervise all of the relative authorities in the Hong Kong government. Although article 50 states that the staff (ph) shall abide by (inaudible), there is no magnificent (inaudible) against it.

(CROSSTALK)

PETERSON: They are subject to national supervisory authorities only and not to the jurisdiction of the Hong Kong SAR. There will also be a special branch of the police and a special branch of the prosecution authority, and they will be primarily accountable to the central authorities. If these mechanisms did not give Beijing enough control, it can also take complete jurisdiction over a case and remove it from Hong Kong's legal system under article 55.

The conditions that allow for this to happen are very broad and there are very limited procedures. A simple request from the chief executive, which she will surely give if directed to do so, can be approved by the central government. At that point, Hong Kong’s legal system simply does not apply (inaudible).

The mainland Chinese criminal procedure will take over and the person will be prosecuted and tried under mainland law, presumably in the mainland. The extension -- extensive involvement of China's central security officials in the enforcement of this law is particularly worrying when we combine it with the broadly defined offenses.

Time does not allow me to explore them all with you today, but one example is collusion with a foreign country. That is defined so broadly that if a person merely testifies today and asks a foreign government to impose sanctions, that could be considered a violation of article 29-4.

Moreover, it applies regardless of whether you are a Hong Kong national or a Hong Kong resident, anyone can be prosecuted so long as they commit the offense in Hong Kong, or the consequences of the act occur in Hong Kong. For individuals who are permanent residents of Hong Kong and thousands of American citizens are in that category, the coverage of the law is even broader.

If a permanent resident of Hong Kong was now living in the U.S. nearly request sanctions against Hong Kong or China, that person could be held criminally liable even if the requested sanctions were never ordered. Moreover, if a person wanted to prosecute that person in the mainland, it might decide to invoke article 55.

The remainder of my testimony discusses a number of vague provisions in the law and raises the question of who will be interpreting it. We do know that the NPC standing committee has the power, the overriding power, to interpret vague clauses, but the law is silent as to whether the courts of Hong Kong also have the power to interpret the law.
This is significant because the courts in Hong Kong will probably try to interpret this law to comply with the ICCPR so long as there are no direct conflicts. Where there is a direct conflict, then this law will prevail, and that means that China will be in breach of its obligation under the Sino-British Joint Declaration to ensure that the ICCPR continues to be enforced in Hong Kong.

One of the examples of a clear conflict is article 42, which says that no bail shall be granted unless the judge has sufficient grounds for believing that the criminal suspect or defendant will not continue to commit acts endangering national security. Not only does this violate article 9 of the ICCPR, but it also violates the presumption, again, of innocence because it assumes that the person has already committed acts of threatening national security.

These and other conflicts with protected human rights violate the commitments that China made under the Sino-British Joint Declaration. Incidentally, the U.N. Human Rights Committee will be reviewing Hong Kong's compliance with the ICCPR beginning this summer when the fourth periodic report is reviewed.

SHERMAN: Professor.

PETERSON: Traditionally, that -- yes I'll finish.

SHERMAN: Professor, it appears that -- yes, just sum up in a couple sentences please.

PETERSON: Certainly. Traditionally, the review process before the U.N. human rights committee includes extensive shadow reports filed by nongovernmental organizations. However, this year, I fear that NGO's will be afraid to file those data reports through the fear that just asking the U.N. human rights committee to declare that there's been a violation of the ICCPR might bring about the threat of criminal prosecution.

SHERMAN: Thank you.

PETERSON: Thank you.

SHERMAN: I do -- I need to move on. Thank you, Professor Peterson. We now recognize Mr. Nathan Law. Mr. Law? There seems to be a technical difficulty, can we unmute Mr. Law? At this point, I'm going to go on to our fourth witness and then try to circle back to Mr. Law. We have Brian Leung who's recognized for five minutes.

LEUNG: Congressman Sherman, Ranking Member McCaul and members of this committee, I would like to thank you for the opportunity to address the critical development in Hong Kong, and also thank you to Speaker Pelosi and Congressman Smith for their opening statements. China's NPCSC has unilaterally imposed a national security law on Hong Kong, which I submit (ph) fundamentally breaches the Sino-British Joint Declaration and Basic Law.
There is no longer a meaningful distinction between the system of Hong Kong and that of China. The legal firewall between two places has been utterly dismantled. The Chinese Party state has engulfed our governing system. Our super society is under full assault, and is purveyed by a sense of political fear, self-censorship, and legal persecution.

We have to reckon with the reality that is (inaudible) one country, two (inaudible) to (inaudible) history. It is perhaps instructive the situated (ph) and admin (ph) of the law in the first anniversary of the 2019 anti-extradition movement. On this very day last year, I read out on behalf of protester a statement that crystallized the five demands of the movement inside the legislative council.

Rather than responding to those very motives -- demands, the Chinese and Hong Kong government have chosen to ramp up their relentless repression, continuous isolation of Hong Kong from the world, and ultimately the self-destruction of one country, two system. Since last year, 9,000 protesters have been arrested; 600 of them are being charged with rioting.

The police continue to be unaccountable and instead see their budget increase by 25 percent compared to last year. These trends of (inaudible) violation of civil liberty will only worsen under the new national security law, which I'll explain.

Above all, this supposedly withdrawn extradition deal has now morphed into a Chinese agency set up in Hong Kong capable of extraditing defendants to China, and the Chinese Communist Party has muffled the public outcry for full democratization, that is guarantee in the Basic Law, and now respond with a resounding assertion of the party dominance inside Hong Kong judicial and political system.

At this light (ph), the great danger that the new national security law are not limited through its legal ramification (ph). The new criminal offense will no doubt be used as legal weapons against dissidents and send them to life prison.

LEUNG: No one in Hong Kong can be certain about their legal defamation, and in fact, the definition will remain forever elusive as the national people congress has a sole authority to interpret the law, strike down any conflicting local legislation, and Beijing can advise our chief executive to handpick judges to adjudicate cases according to the party line. But the newly enacted law is also about institutionally asserting parties dominance in Hong Kong. The NPC forcefully insert the National Security Law into our legal system.

Not only past the local legislature being completely circumvented even our top local official were utterly clueless about the details of the law. Hong Kong people ruling Hong Kong as part of the original formulation of one country two system prove to be an mirage.

Importantly a set of parallel institutions will be set up and funnel (ph) the imprints (ph) of the CCP in Hong Kong. First and foremost the Office of National Security Commissioner will be established in Hong Kong and will directly report to the Communist Party and Xi Jinping himself.
Not bound by the Basic Law, this office is vast (ph) with the power to supervise and guide the Hong Kong government with jurisdiction over cases pertaining to national security. This jurisdiction invokes (ph) the power to extradite defendant to China where there is no respect for rule of law.

It (inaudible) mental intrusion to our judicial independence that is the cornerstone of one country to assist them. A numerous set of parallel organs (ph) mask (ph) the institutionalization of CCP dominance over our political and judicial system. And the national security become the springboard for the CCP to tighten it's grip, normalize (ph) a secretive operation and extradite people to China.

And what we are witnessing is the crumbling of One Country, Two Systems. Since last year movement I've been asked numerous time is I were given the tremendous (inaudible) born by Hong Kong people for such an almost irreparable system and as many young protester have to make same distressing decision that I had to, which is either be in prison for life or to be exiled and forced to seek refuge elsewhere. Maybe possibly never seeing a chance of safe return.

But my answer is always this, once we have taste and breath freedom we can never be forced to kneel again. The first purpose of partial freedom often make by the CCP will one day devolve into no freedom at all, as the case of Hong Kong (inaudible). What's happening in Hong Kong will soon spill over to the world, and that's why I believe the United States must hold China accountable for his continuous encroachment of Hong Kong autonomy and freedom.

China should not be allowed to disregard it's (inaudible) obligation while (inaudible) from Hong Kong special economic (inaudible). We must act now to add tangible pressure on China including the news of a range of instrument provided by the new Hong Kong Autonomy Act just passed, and to provide substantive assistance to Hong Kong protester, such as favorable immigration and (inaudible) policy, or it may soon be too late.

So thank you and I welcome any questions.

SHERMAN: Thank you, Mr. Leung. And now we'll see if we can hear from Mr. Nathan Law whether we've got that technology working.

LAW: Hello, can you hear me?

SHERMAN: Yes, we can.

LAW: Hello, is it working? Yes, thank you very much sorry about the technical issue. Thank you, Chairman and all the members of the committee inviting me to this hearing. In a little over one year I have testified twice on Capital Hill regarding the situation in Hong Kong. First before the CCP in May 2019. And then before the Pacific and East Asia Sub Committee of the FFRC in September 2019.
Both times I did not have to worry about going back to Hong Kong afterward to continue my true (ph) activism. But this time is different; merely speaking about the plights of Hong Kongers on an occasion like this contradicts the new national security law. Under this legislation Beijing just passed 24 hours ago anyone who would dare to speak up would likely face imprisonment once Beijing targets you.

So much is now lost in the city I love, the freedom to tell the truth. In typical Chinese fashion none of us knew what was in the bill until it was actually effective, which had left us very anxious. Now that we can finally read it we are far from assured. In addition to closed trials in Hong Kong or even the possibility of extradition to China, offenders could be barred from bail and a jury trial with the right (inaudible) on during interrogation.

The Beijing appointed chief executive has absolute powers to determine whether an act constitutes a violation of national security, whether any information constitutes state secret, and whether covert surveillance, like wiretapping, can be deployed. Judges assigned to handle these cases must pass prior screening by the Chinese Communist Party. One of their (ph) clause (ph) even the case that inciting hatred towards either the Hong Kong or Chinese government is illegal. Terms (ph) so thick (ph) that they can easily be abused, and a whole set of law left so much room for interpretation.

Directly from this (inaudible) a new Hong Kong-based national security agency will have sweeping power requiring the corporation of all local government department. We use to think of secret police as something abstract; now it is a very real fear.

The kind of cross-border adoption (ph) that Beijing once had to hide, such as the cold (ph) way they (inaudible) incidents may well become a new legalized norm. China is exerting de facto direct route over Hong Kong in clear violation of the 1984 China-British Joint Declaration that promises One Country, Two Systems. Even before the national security law, the price of resistance in Hong Kong has always been high.

I've been -- I've seen far too many young faces beaten, detained and tortured, prosecute and jailed just for protesting our basic human right. Over 9,000 arrest has been in protesters over the past year alone. There have also been numerous incidents of mystery suicide deaths. Still against these odds brave Hong Kongers keep the movement alive for the sake of our future generation as well as a more democratic world free from the threat of Chinese Imperialism and expansionism (ph).

The British flag lowered for the last time and the Chinese flag rose for the first time on this very day 23 years ago in Hong Kong. While it's people were understandably worried in 1997 there were at least a sense of optimism that given the success of our city people could contribute positively to the right of China which would in turn embrace freedom and democratize. These occurrences (ph) could (ph) be a little more than wishful thinking.
Over time China has not followed Hong Kong's lead, but has in fact made Hong Kong more like itself, erasing our unique way of life, while reaping the economic benefit we provide. Perhaps the national security law reveals the true nature of what Beijing (inaudible) One Country, Two Systems was all along, comprehensive autocratic control. Increasingly we have seen Chinese leaders less and less willing to honor the One Country, Two Systems part, while more stressing on the dominance of one country.

LAW: They have shown no regard for the separation of powers and democratic accountability, which are long taken for granted by Hong Kongers and enshrined (ph) in the Basic Law. Through fear, intimidation and heavy handed governors Beijing turns Hong Kong into just another Chinese city while trying to keep its outer shell. In doing so it helps to preserve the illusion that the city is still autonomous. The international community must not be confused. Carrie Lam and her entire cabinet are puppets who have no power to make meaningful decisions. The high degree of autonomy once promised is just another blatant lie. It takes decades, if not longer, to build a city, but I takes just weeks to destroy it. It is what we have all seen lately.

What now lies ahead of us is not just the personal safety of my friend, Joshua, or other leading opposition (inaudible) like Martin Lee and (inaudible) but the survival of Hong Kong as an idea. Therefore, it is vital that while our friends in the international community including...

SHERMAN: Mr. Leung?

LEUNG: ... policymakers in Washington do not pretend that everything is still normal. They do not look away. Even though the...

SHERMAN: Mr. Leung?

(CROSSTALK)

LEUNG: ... could be conceded as a violation of the national security law, I wish to say it out loud on behalf of my beloved Hong Kong people. (UNTRANSLATED). Let's keep fighting in different places (ph), and I wish Hong Kong and all of the world the very best.

SHERMAN: Thank you for your testimony. And I want to thank our witnesses not only for their testimony but given the risk of Chinese retaliation I want to thank them for their courage. I will now recognize members for five-minutes each, and pursuant to the House rules all time is yielded for the purposes of questioning our witnesses. Because of the hybrid format of this hearing, I will recognize members of the committee by seniority, alternating between Democrats and Republicans, although I will first recognize the Speaker. If you miss your turn, please let our staff know and we will come back to you. If you seek recognition, you must unmute your microphone and address us verbally. I will start by recognizing the Speaker of the House of Representatives.
PELOSI: Thank you very much, Mr. Speaker. I'm going to yield back to you so we can hear questions from the members, but again I want to thank you for the opportunity to be here. I spent -- Mr. Smith and I talk about the 30 years that we've worked together on this issue, but we always want to be current, and I spend about an hour a day on China issues to be current. None of them more valuable than the one I just spent here hearing what is happening in Hong Kong in terms of this law.

The concern that I have, which there may not be an answer to here -- we'll see -- is does this law, is it retroactive? Do the go back to any flying of the flags or making of statements or is it from now forward, which would be horrible enough, but that is a fear I have. I want to thank our witnesses, Mr. Lee, Ms. Petersen, Mr. Leung, and Nathan once again, and again he has courageously testified, and say to them I think the highest compliment they could have received is to see that this is an overflow crowd of Democrats and Republicans in this committee honoring the spatial distancing overflowing into the audience.

This is quite remarkable and a real expression of the bipartisan concern that we have for democracy, the democratic reform, and the so-called -- well, I don't even want to identify it by the name they use because it doesn't have to do with security. It has to do with repression. But I thank all of you for turning out for this because when we talk to the people of Hong Kong about what they want to see from us, they want to see our support. This committee in a bipartisan way has done that very significantly.

So with that, I thank you for the opportunity to spend my very valuable hour here to hear our witnesses and to compliment you. Thank you, Mr. Chairman. Thank you, Mr. McCaul. Thank you all.

SHERMAN: Thank you for being here mister -- Madam Speaker. That demonstrates a lot to the world. And as you point out although this room doesn't look full, we have limits on how many members are allowed to be in the room, and adversely all the other members are participating virtually. With that, I'm going to recognize the Ranking Member for his question and then I'll go (ph).

MCCAUL: Thank you, Mr. Chairman, and thank you, Madam Speaker, for honoring us with your presence. That's how important this issue is to all of us. I guess, you know, my first question, you know, I met with the secretary. He did decertify the autonomous nature of Hong Kong. They are -- the Chinese Communist Party's in violation with Sino-U.K. Treaty, and my question to both Mr. Leung and to -- or Professor Petersen, in addition to the sanctions that I believe are forthcoming under the law that we passed in Congress, what else can be done to remedy and address the violation of this historic treaty?
LEUNG: Well, I think -- yes, thank you for your question. I think it is important for us to understand that the implementation of national security law is not just about peace of law (ph) but is governing philosophy that Beijing for now they are openly and blatantly to, well, discrepant order protection of human rights. So I think the international community should enact mechanism to hold them accountable because that is what they're going to do. They're going to erase the unique culture (ph) of Hong Kong and also all the human rights protections now we have had.

And while there are hundreds of thousands of people flowing down to the street today in protest of the implementation of the national security law and we have already seen there are a lot of obvious human rights violation afterwards, the implementation of the national security law.

So I think the international community while other than these sanctions which are -- it is difficult well to hold it together, but I think we need a new guiding principle going against the inspection (ph) of China which we have to hold them accountable in whatever human rights violation happened inside their border. So I think this is what the international community should do and should do it jointly.

MCCAUL: And I agree with you. Professor Petersen? Obviously you...

PETERSEN: Yes, thank you.

MCCAUL: Yes, go ahead.

PETERSEN: Thank you for the question.

First, I do want to respond to the Speaker's question. You're correct. The law is not retroactive. There were rumors that it might be, but it will not be. However, we can't rule out the possibility that actions taken before the law went into force may contribute to decisions to target people for investigations or prosecution.

Regarding what can be done, I would like to suggest that we focus on the United Nations and the international community as a whole because I do think it's important that we try to avoid things that could hurt the Hong Kong people and try to focus more on the international human rights monitoring mechanisms. And that is why I was mentioning in my testimony that the Human Rights Committee will be reviewing Hong Kong's report under the ICCPR commencing this summer with the list of issues and going on into 2021.

PETERSEN: I do think the international community can help participate in that and although China likes often to react badly to international monitoring, the truth is that the Chinese government voluntarily agreed to this process when it agreed that the ICCPR would continue to apply to Hong Kong and that Hong Kong would continue to report to the U.N. Human Rights Committee.

So that committee and also the U.N. Human Rights Council and the other expert mechanisms in the United Nations, I do think can help to shine a light on violations of the Sino-British Joint Declaration.
Thank you.

MCCAUL: Thank you. And I think that is our next course of action. I see Chairman Engel has arrived and with that, I yield back, Mr. Chairman.

ENGEL: Good morning, everyone. I apologize for running a little behind this morning. Let me thank the Hon. Speaker for having joined us today. Her presence underscores the importance of this issue. She's always been in the forefront of this issue. We've had many, many discussions about Hong Kong. And as we look to the uncertain future of Hong Kong's autonomy and democratic system, we see that our speaker has been a tireless champion of human rights, the rights of the people of Hong Kong and China. So thank you to our witnesses as well for your time this morning. And thank you to Mr. McCaul, our ranking member, and other members of the committee.

As the Chinese government escalates its aggression toward Hong Kong, I'm proud that the Congress has spoken again with a bipartisan voice again and again in support of the people of Hong Kong, in support of their struggle to preserve their rights, rights that have been guaranteed by treaty in international law. At the end of the day, it's the White House that sets policy and I fear that our policy has gone astray, perhaps involving China.

We should be focused on two major elements in our policy toward Hong Kong. One is, does it support autonomy and democracy in Hong Kong, and secondly does it advance American interests? We hear lots of tough talk about Vietnam from the administration, but I fear that months of this attitude of heaping praise on Xi looking the other way as the Chinese government violently cracked down on protests in Hong Kong, sidelining any concerns about human rights in the hopes of getting a good trade deal, that has set the stage for what we're seeing today.

Nothing the Beijing government does would surprise me. Nor should it surprise anyone. And if there's one thing I think all Americans should be united on is, it's this. I remember when the agreement was signed with the UK on the two different types of government, one China, but two different types, two systems. Of course the Chinese Beijing government is not abiding by that at all. And did anybody ever think that they would?

So let me say that one of the more unanticipated provisions in this national security law is Article 38, which states that the law applies to persons who are not permanent residents of Hong Kong and commit crimes under the law outside of Hong Kong. When combined with Beijing's increased use of hostage diplomacy, such as the tax -- such as the case of the two impeached Canadians, this law could have far-reaching implications for anyone visiting Hong Kong, including U.S. persons who are studying, doing business or working with government officials as -- or diplomats.

So how safe should I or any other American feel about visiting Hong Kong in the future? Many are talking about...
(UNKNOWN): (OFF-MIKE)

ENGEL: ... OK, OK. OK, so let me have the witnesses respond, if any of them would care to.

PETERSEN: Thank you, Mr. Chairman. I think I can respond to that. It is true that China intends to apply this law extraterritorially and I don't think anyone should feel particularly safe, particularly not if you have been involved at all in any sort of campaign for sanctions or other actions against the Chinese government or against Hong Kong.

Because when you combine the provisions, Articles 36 to 39 together with Article 29, the definition of collision with foreign forces, it creates an incredibly broad potential net for legal liability. So while I would have said up until a few years ago that Hong Kong is one of the safest places in the world to visit, because I lived there for 17 years and I always felt very safe. I don't think it's so safe for you to visit now.

Thank you.

LEUNG: Thank you, Chairman Engel. And I also would like to add on that, you know, Article 38 stipulate very clearly that even if you have no Hong Kong residency and your (inaudible) is contacted in, you know, places outside of Hong Kong, you will still be subject to the law. And I think it add a lot of pressure and (inaudible) of human right (ph) for journalists academics, INGOs who might, you know, have criticized Chinese abuse of human right before. And if they came -- come to Hong Kong for its national conference or daily operation (ph), they could be subject to that law.

So I think it's extremely draconian sweeping and I think that international community should be very concerned about this law.

LEE: One more point (inaudible). You know, as Carole and (inaudible) had already mentioned about that law applies to persons who is not a permanent resident of the region. And I would want to also point out that apart from foreigner, you know, if mainland Chinese support Hong Kong, which in the past from the (inaudible) movement to the (inaudible) movement, they are lots of -- there are so many Chinese who are already arrested inside China.

But now, you know, with this law passing, also, the (inaudible) will apply to, you know, mainland Chinese who try to support human rights in Hong Kong. So not just applying to (inaudible) foreigner, you know, so it's really catching on.

Today, of course, last seminar (ph) Chris Patton (ph) had to make some very good statement about the national security law. And I was wondering, actually, at the last summit Hong Kong, can he come back to Hong Kong to visit us? No, maybe he will be, you know, labeled as, you know, foreign (inaudible) collusion with foreign power. And then in -- in breach of the national security law.
So once he come in, then he maybe have -- he may have a problem. And so this is really a very wide, you know -- you know, application of law to anyone in the world or, you know, so anyone in the world can be caught by this law. This is (inaudible).

You know, this -- you can see the (inaudible) on the Chinese Community Party wanting (ph) to catch everyone.

ENGEL: Thank you very much, let me ask you another question. Many are mentioning risks to personal safety for those who have been involved in the Hong Kong democracy movement from the days of the handover until now. Several of you speaking to us today has repeatedly put yourselves at great personal risk. You're very courageous and I really take my hat off to you.

We have seen announcements in the United Kingdom and from Taiwan regarding safe haven for Hong Kongers, so my question is what can the United States do best to ensure that we're doing our part to welcome those in Hong Kong who face persecution under these new laws?

LEE: Thank you for your question, Chairman Engel, and first of all, I would like to express my gratitude that I understand that the U.S. government has also proposed a safe boat (ph) plan for a lot of penalize (ph) defenders in Hong Kong, including those to protect the indicted or have criminal records regarding the protestors.

So I think this is indeed a great way to support Hong Kong protestors on the ground. For Hong Kong people, well, one thing I would like to mention is that after that they implementing the national security law today, there were more than 100,000 people marching down to the street, facing extremely high risk and, well, police brutality and also the racial theme (ph) precedent for more than 10 years on the street and has been spoken (ph) in the port of freedom and democracy.

I think this fearless -- fierce attitude towards the autocracy is, well, very admirable, and I think not only offering safe boat (ph) plan for these people, but also we should international community should join hands increment (ph) more and more mechanism to hold China accountable so that we could let those people fighting on the ground feel more safe and let the Chinese government more scared to implement more draconian execution of these laws again.

LEUNG: Thank you Chairman, if I may speak on that issue, in addition to Nathan, I think it's a reality that we have to face, some of the better and brightest (ph) Hong Kong protestor intellectuals aka them (ph) has to flee the city because of their involvement in the democracy movement since 2019.

This is very saddening and is unfortunate that many people are forced to seek refuge elsewhere, but it's a reality that we have to face. Many of my friends, myself included, have to make that same tough decision. So I know that in American now, two bills has been -- have been proposed. The first is Hong Kong safe harbor act, and other one is called Hong Kong freedom and choice act.
Those will provide the immediate refugee -- a favorable policy to Hong Kong people. I think those will be a very good mechanism to ensure the safety of those who are really in danger and in great need. So I think those act -- I hope that they will be passed soon and would create much of a discussion around the human right abuse (ph) situation in Hong Kong.

Think about Hong Kong as an international financial city that produce a generation of exiles, a generation of political refugee. This is unacceptable, but we need to help them.

ENGEL: Thank you very much, anyone else care to answer the question? If not, then we'll go to Mr. Smith of New Jersey.

SMITH: Thank you very much, Mr. Chairman. And thank you for calling this important and extraordinarily timely hearing. Thank you to all of our witnesses and thank you Mr. Lee and Mr. Nathan Law for the tremendous sacrifices you have made years to date and the risks that you face now.

You know just a couple of points, you know, unless Xi Jinping reverses course I think everyone has to be on notice in the world that every treaty obligation, including those with the WTO that China has added its name to, it's voice, it's signature; are worthless.

They made solemn, solemn obligations freely entered into and now they are breaking it with impunity. You know we often talk about the rule of law. In China it's the rule of unjust law. And I would say to Ms. Petersen and I thank you for your testimony, your point on the retroactive because I was thinking that as well.

I think that is a technical omission in the law. Nothing -- nothing precludes this dictatorship from looking back and holding people to account. It is just their way. Let me just ask you a couple of questions.

One, do you have a sense that the world will reunite, particularly world leaders. There needs to be, I think, a very serious sanctions regime. You know mention was made about the Secretary of State.

He did on May 27th pursuant to the Hong Kong Human Rights and Democracy Act language make a -- he made a very strong statement that the -- that Hong Kong does not continue to warrant treatment under U.S. law in the same manner as before. It's hand over.

Of course that's because of the autonomy issue as well as human rights. He state that the administration would eliminate different and special treatment for Hong Kong, including export controls on doing as technologies and more.

And then a month later on June 26th, Secretary Pompeo announced the imposition of visa restrictions, which we all were calling for for those Chinese officials who are undermining the high degree of autonomy as guaranteed in the '84 sign of British joint declaration.
Obviously more now has to be done that they have pulled the trigger. My help is that they will revisit it. Maybe our witnesses could speak to whether or not they think there's any possibility of that.

But I would hope that the people around Xi Jinping realize that he has -- he is dishonoring the Communist Party, he is dishonoring the -- the government of China when all the world can see in the light of day that they make a -- they give their word and they break it, and they break it with impunity and that's exactly what they're doing right now.

I would also ask our witnesses that maybe they want to speak to corporations. And obviously the reach of this law is far beyond just people physically resigning in Hong Kong. They have put language in this decree, in this law that reaches beyond that.

And let me just say there are a lot of members of this House and Senate, I'm among them, I was briefed by the FBI; I'm a target. That's what they -- they put this out and I'm a target, whatever that means.

And I think this campaign of intimidation against the world and against people, especially Hong Kongers (ph), we need to meet this as never before. We didn't do it after Tiananmen Square.

George Herbert Walker Bush didn't do it, nor did Bill Clinton. We acquiesced (ph) and they took note of that and said give it a little time and people will just let it go. And I think as the Speaker pointed out before, there are a whole lot of us on both sides of the aisle who really realize the nefarious nature of this dictatorship and we need to really draw that line.

And hopefully there are some people within the Xi Jinping government who will say wait a minute, time out. You've gone too far President Xi. You're doing it with genocide against the Uyghurs as we all talked about and now you're doing it here. So if any of the witnesses would like to speak to any of those points.

And let me just say to Nathan Law, you said don't look away. We will not look away. We will further engage. Thank you.

LEUNG: Thank you, Congressman. I think first -- again, we have talked about the (inaudible) that is -- no -- explicitly an intimidation against a global community for speaking up at (ph) Hong Kong. That's the first.

And the second one, I think it's important to recognize CCP (ph) strategy of political control is always about compartmentalizing politics that you know assuring the business community you should not concern yourselves with politics. You will not affected by the new law.

But just recently HSBC and Standard Charter, two biggest bank in Hong Kong, were forced to kowtow (ph) explicitly to the national security law. This showed the -- the -- the vision (ph) between business and politics is only a political expediency in the eyes of China and it can only dissolve (ph) and force your business community to obey its law or to align themselves with the party interest.
So I think it's really important to send a message that we should not fall into the divide and conquer tactic by CCP. So that's why I think not only U.S. have to take a much tougher position, we also have to unite different nations in the world such as the E.U., which is the biggest exporter of China.

Such as the United Nation (ph) different platform that Professor Petersen mentioned. So I think we have to come up with a counter united front to China's own united front that want to conquer and divide the world.

ENGEL: Mr. Sherman.

SHERMAN: Thank you. Mr. Lee, on May 29th Trump announced that there'd be targeted sanctions against Chinese and Hong Kong officials but he didn't provide any names or lists. They're just an illusion at this point.

As you may be aware, I along with the ranking member of the Asia subcommittee, Mr. Yoho, introduced the House version of the Hong Kong Autonomy Act introduced to the Senate by Senators Toomey and Van Hollen to impose mandatory sanctions on entities that violate China's obligations to Hong Kong under the joint declaration of the basic law.

And also the banks that do business with them. What are Hong Kongers positions on the U.S. implementing targeted sanctions, particularly targeted visa bans in light of the national security law decision? Mr. Lee?

LEE: Yes, thank you. (Inaudible) let me use the articles on Collusion of Foreign Power. You know (inaudible) answer to this question. I think this is the problem now. You know with that law in place, when you read through the law -- you know and anything -- you know suggesting anything to the international community maybe sort of catchy (ph) as collusion of foreign power.

And one of the things that is very specifically targeted at is to some of (ph), you know; letter, article -- there's an article on it, Inviting Sanction. I think that is exactly, you know, what they really have (inaudible) of what have happened in the past and they would try to, you know, stop (inaudible) Hong Kong or any -- anyone in the world from sanctioning of the Chinese Communist Party.

So I think I have to be a wisdom (ph) to how to go about in the future to support Hong Kong, but one thing I want to mention is that when you look at the special -- United Nation mechanism, easily there's a very powerful United Nation (inaudible) that's going to get on the joint table (ph) on China and Hong Kong. And so, they are...

SHERMAN: I'm going to ask you to wrap it up. I do need to go onto another question.

LEE: ... suggesting also that (inaudible) on Hong Kong in China.
SHERMAN: Thank you. Taiwan -- I'll build on the comments of our Chair, Mr. Engel, as he points out that Taiwan and the United Kingdom are talking about opening their doors to hundreds of thousands or even millions of Hong Kongers. We want freedom for Hong Kong, not immigration from Hong Kong, but we have to deal with the practical situation as it stands.

I'll be joining our colleagues, Mr. Curtis and Mr. Castro, in introducing House -- introducing in the House the Hong Kong Safe Harbor Act to designate Hong Kongers as priority 2 refugees. This is necessary because priority 2 allows the individuals to access our refugee system without going through the UNHCR, which doesn't have an office in Hong Kong and doesn't without a referral from an NGO that China could block.

Do Hong Kongers generally support the effort to make it easier for Hong Kongers to be classified as priority 2 refugees? I wonder if Mr. Leung could answer that.

LEUNG: Well, thank you for the questions. I think it's important for us to provide a way out not only for the ordinary protestors but for those who have been heavily targeted, and especially under the national security law that people who may face lifelong imprisonment, these politically populist (ph) individuals, they are likely -- well, the assistance for them are likely needed.

So I think for now, yes indeed, if there are more countries offering helping hands to them, that will be a better result for them, and they are not necessarily leaving but at least they are offered choices for them to make and for them that will ease off of their (ph) pressure.

SHERMAN: I would point out that political activists from China dedicated to freedom have had a major and positive impact on the world, including, of course, Mr. Sun Yat-sen, and with that I yield back.

ENGEL: Thank you, Mr. Sherman. Mr. Perry.

PERRY: Thank you very much, Mr. Chairman. I thank our guests. The first question I think I have is regarding the agreement for people that are unfamiliar with maybe the specific tenants and the text of the agreement. What are - since obviously China and the Communist Party in Beijing have decided that they're not going to honor any of the commitments in the agreement, what are if any the remedies? And before your answer, before anybody answers, let me just remind everybody that's listening, watching, that breathes the breath, this I the reason that you don't make agreements with nations or criminal organizations that have no intent on maintaining their side of the bargain, that are known liars. Organizations and countries like North Korea, like Iran, like China, like Russia. This is why you don't make agreements with them. You demand action and then you have a reaction to their action. But with that, what are the remedies?
LEE: May I comment? Yes. The question about the (inaudible) I think in that particular declaration in what led us to what's (ph) (inaudible), but one problem with the whole done declaration (ph) is that they don't have any so-called remedy for violation. No reason in you're looking at (ph) (inaudible) resolution when you read through the text, there's one particular text that say that encourage the member states to go to the international core of justice (ph) and to seek remedies over the breaching of the Sino joint -- British joint declaration.

But of course this is a suggestion, but when illegally (ph) you can do that, we still do not know. And of course I think we say government has a responsibility to make sure that the Sino joint -- British joint declaration that they agree on should be respected. And now when there's a breach, they should be the ones that really go to the United Nations and ask for a respect of the joint declaration, but we hope that we will see something in the future about the Sino joint -- British joint declaration.

PERRY: All right.

PETERSEN: Could I add something to that? Mr. Lee is correct that there's no clause in the Sino-British joint declaration providing for despite resolution, but the general assembly of the United Nations can always seek and advisory opinion from the International Court of Justice, and there's nothing that China could do to prevent them from seeking that non-binding advisory opinion as long as a majority of the general assembly voted to seek it.

Just recently in 2019, the ICJ issued and advisory opinion on whether decolonization was lawfully completed with respect to the Chagos Islands. And although the U.K. wasn't very happy that that request was made, it was made because a majority of the general assembly voted for it.

Now, even though advisory opinions are non-binding, they can be very influential, and I think even a campaign to seek a vote in the general assembly to seek that advisory opinion would put some pressure on the Chinese government to be a little more careful about living up to the letter of the Sino-British joint declaration. Thank you.

PERRY: Hey, I sure appreciate your comments, and I got a news flash for everybody. Public pressure and opinions, non-binding, et cetera, as you can see, have little effect on the Communist Chinese Party. So that's all tilting windmills in my opinion, but let me ask this question. With the advent of this security law in Hong Kong, what are the ramifications of this for -- what do you see the ramifications for Taiwan?

LEUNG: Obviously -- first, I thank you for the question. Obviously the law actually applies to Hong Kong residents, including Taiwan (inaudible), and they're -- on the one hand, they have been very active in supporting for Hong Kong. On the other hand, their wrong (ph) pursuit for democracy has also branded a subversion of the state power, right?
So I think it also be a very good signal about how China actually treats Taiwan given Taiwan will one day to be succumb to the so-called one country, two system, right? So I think it shows how ambitious China will be one day one you fall into the agreement that they will not honor as you point out.

And I think, you know, it obviously shifted the discussion. You know what's happening is something Hong Kong shift tremendously the discussion in Taiwan that they know that the CCP is not trustworthy, and their so-called political arrangement, high-degree of autonomy, et cetera, et cetera mean a lot (ph)

PERRY: Thank you. Mr. Chairman, I yield.

SHERMAN: Thank you very much. Mr. Meeks.

MEEKS: Thank you, Mr. Chairman. The national security law that Beijing drafted in secrecy and imposed on Hong Kongers will be swiftly used to suppress. Fact of the matter, it's already happening. I woke up this morning to reports that the police in Hong Kong had made at least one arrest today of a demonstrator for, "violating the national security law."

As I read the testimony by witnesses this morning, I felt a deep connection to the struggle for democracy described. I would be remiss if I didn't say right here in America I am part of the continued struggle of Black Americans to realize the promise of democracy in this great nation, and I can identify with the lifelong nature of this kind of struggle. It is because of the history and present challenges for my community in America that I know we must care deeply about what happens in Hong Kong.

History has shown us that the push for freedom, equality and human rights is always connected anywhere it exists. It reminds me of the words of Dr. King when he said injustice anywhere is a threat to justice everywhere. And while I thank this Committee and the House of Representatives for standing up, I am so deeply disappointed in the faltering of the White House when it comes to its U.S. global standard.

This is a moment for strong U.S. leadership, but it is also a moment where the president's geopolitical (inaudible) are emboldening China and other nations to now seek to press their agenda unchecked. It is no coincidence that China has chosen this point in time to blatantly disregard commitments it made decades ago to grant Hong Kong a high degree of autonomy.

Congress has given the Trump administration the tools to address Chinese human rights violations, we have shown strong bipartisan support for Hong Kong and the resolve to hold China accountable. Instead of using these authorities the president of the United States chose early on to praise Beijing's handling of protests in Hong Kong and did worse than nothing as the Chinese government vigorously oppressed the Uyghurs.
As I have travelled to meet with world leaders since the 45th president of the United States took office, I have heard resounding concern about the increasingly erratic nature of American foreign policy. Our closest allies continue to see this as a problem, but others see it as an opportunity. China has (ph) emboldened to take the actions it has in Hong Kong, just as it's similarly emboldened on its borders with India, in the South China Sea, and increasingly to pressure Taiwan.

So with that, I ask Ms. Petersen, in what ways can the United States redeem its credibility and work with the global community to get China to honor its international commitment? And what role, if any, can multilateral organizations play in this inflection point -- at this inflection point?

PETERSEN: Thank you very much for that question. We could start by becoming more active in the U.N. human rights monitoring mechanisms particularly the U.N. Human Rights Council.

Because, since he United States has ceased to be active in that council, China has gained more influence on the council and it's now served three terms on the Human Rights Council and it recently secured an appointment to a very influential panel, plays a role in nominating independent U.N. human rights experts.

So the United States needs to become active again in the U.N. Human Rights Council. The U.N. Human Rights Council has been asked by a group of independent human rights experts to establish a special repertoire on human rights in China and it would be nice if the United States would play a more active role in that campaign.

The United States could also of course ratify more human rights treaties because that would mean that we would be able to elect members -- independent experts to sit on those monitoring committees.

Thank you.

MEEKS: Thank you. And also, I have a concern in regards to Hong Kong's status as a financial hub, and I'm concerned with the lack of strategic thinking by the administration that could limit Hong Kong's access to American dollars and markets. I'm wondering, Mr. Leung, do you anticipate any slippage in Hong Kong's financial system and trade standing? And what might that affect -- of that slippage be on the one country, two systems doctrine?

LEUNG: Thank you, Congressman. China has always taken advantage of Hong Kong's special economic status that is globally recognized, that is treated separately from China. But that recognition is conditional upon the fact that Hong Kong is sufficiently autonomous.

So I think in future the discussion around sanction is actually not so much about sanction, it's about restoring (ph) the privilege that the international community confer (ph) upon China, given it has (inaudible) promises. Now it has completely ruined its (inaudible) and do not want to allow Hong Kong to enjoy high autonomy nor civic freedom.
So I think withdrawing that privileges and negotiating until China is willing to honor its promises, I think we have to think about that economic privilege, does that warrant the international recognition that China enjoys now and keeps benefiting from special economic status?

SHERMAN: Thank you very much. Mr. Yoho.

YOHO: Thank you, Mr. Chairman. The Chinese Communist Party and Xi Jinping have blatantly disregarded the agreement between Great Britain and China. The international agreement to allow for the self rule and independent governance of Hong Kong has been washed away.

The rioting going on today in Hong Kong is a direct result of Communist Beijing's lack of respect for rule of law and international agreements. It also shows the Communist Party is intimidated by people with free thought. Chinese Communism cannot survive in a free society.

Unfortunately Xi's Communists have brought shame to the Chinese people once more as he leads them in to their second century of shame. It is agreed (ph) that Hong Kong is a province of China. United Kingdom agreed in 1997 to seat (ph) it's claim of the territory and return full control to China, 50 years in to the future -- 2047.

The Chinese leaders at the time accepted these terms in good faith. The rioting in Hong Kong approaching a year now is solely the result of Xi and the Communist Party breaking those agreements and it is driven by the lust for authoritarian power and fear -- the fear of, again, freethinking people.

In modern civil societies there must be a mechanism or forum for people to address grievances to their government peacefully without fear of reprisal from the government. This is exactly what the people of Hong Kong attempted to do when Carrie Lam, Hong Kong's Chief Executive Officer introduced the now ill-fated extradition bill last year at the direction of China's Communist Party.

The people of Hong Kong attempted to peacefully address their concerns but their concerns fell on deaf ears, we now know why. Chinese Communism can not survive where people have free thought. Their goal, that of the CCP is remove any form of democratic existence near it's border.

In essence Beijing has broadcast to the world China and the communist are not to be trusted. The question is, what are international business operating in Hong Kong going to do? Will they put profit above international agreements? Will they place the concerns of their board members over human rights? Will year end dividends and stock reports justify their operations, investments and manufacturing to overlook actions approaching the atrocities of the Nazi regime inflicted upon millions of Jews, Czechs, Poles and others, let's hope not.

Is China's assault on this province of Hong Kong a prelude to misguided actions against a sovereign nation of Taiwan? This fight in Hong Kong is not between China and the United States. It is a continual sad loop of human endeavors, a fight of right versus wrong, good versus evil, freedom against suppression. In the end freedom will prevail.
My questions to the panel, have any of you seen or heard personal -- personally any actions of the protestors to succeed from China? Or is their concern only to have, of the protestors, to have rule of law with an independent judiciary system restored? Mr. Leung, we’ll start with you.

LEUNG: Thank you for the question. I think in the eyes of the communist party everything could be -- could be falling under the concepts of national security and succession once you go against the state, whether you speak it publicly, whether you demonstrate it, it can be construed in some way as (inaudible) to the state power. When you look into the 2019 Anti Extradition Bill movement the majority, the consensus is really about implementing the much needed institutional reform and much delayed reform in Hong Kong.

I grew up in Hong Kong and have witnessed 23 years where we have not made (ph) subsequent (ph) democratization progress in our legislative council in which half of the -- actually not democratic (ph) election. Not to mention our chief executive who is the one to blame for the (inaudible) in '19 and still remain in power. It's staggering to think about a quarter of the population go against a government and that leader can still remain in power for many years.

It shows that Chief Executive Carrie Lam now is a total pawn for the CCP to execute agenda rather than reflecting Hong Kong peoples will and interest. So again I think the whole movement and up until now (ph) the core consensus is really about initiating the much needed and much delayed (ph) institutional reform.

YOHO: Thank you for your answer. I'm out of time and I yield back, Mr. Chairman.

SHERMAN: Thank you very much. Mr. Sires.

SIRES: Thank you, Mr. Chairman. First let me compliment my colleague from New Jersey for fighting always for human rights all these years and working with the speaker on some of these issues for many, many years. You know I worry very much about this whole situation, for the people of Hong Kong and for the people of the rest of the world. I worry that if we do not send a strong response to Hong Kong, there are many people -- many leaders in the Western Hemisphere that is looking at this and saying, well, the Chinese did it in Hong Kong, I can do it here in Venezuela, I can do it here in Nicaragua, I can do it here in Cuba.

So a strong response is very, very important, especially from this country. Going to the United Nations is also very important, but the response to China has to be strong because we cannot let China set the example that they can do anything and they're going to get away with it.

So I worry, very much, that they played the long game. I worry that they'll say, "Well, there'll be (inaudible) people in the world now, but we'll get away with this just like we have gotten away with this in the past."
I worry about the administration's approach and the president's approach through -- through transitional kind of politics that we are practicing now in this country, and there are many things that -- that can be said, but I think that haven't been said.

So with that, I ask the panel, does this country now have the credibility to make strong statements on what is going on in Hong Kong? Anyone in the panel.

LEE (?): Thank you for the question.

(CROSSTALK)

LAW (?): So I think -- I think, of course...

(CROSSTALK)

LAW: Hello, sorry.

LEE: Nathan, you want to go?

LAW: You go, your turn.

LEE: Yeah, you know, on the question about, you know, credibility, I think it's very important that, you know, actions always speak more than words. And we want to see the support of the -- as (ph) I (ph) mentioned (ph) in the United Nations and a lot of international community influence (ph) and (inaudible) to support Hong Kong.

And I -- I want the -- we in Hong Kong, the other question that had already been asked is, what are we looking for? We are looking for democracy only, and we have been promised democracy. And for 23 years, we have been disappointed after the handover.

The -- and -- and the disappointment is now, you know, really cycling (ph) (inaudible) people of Hong Kong, and we feel very much very disappointed that, over many years, the world has not spoken against the (inaudible).

(CROSSTALK)

LEUNG: And I would just add -- thank you for the question, first -- I would just add, Hong Kong people are actually watching very keenly about what U.S. is doing and has done. So I think action and words coming from U.K. -- U.S. government from now on will be closely watched and will be in the deep interest of Hong Kong people.

I think the first step to building credibility is, as Mr. Lee has said, is to build action, is to speak up for Hong Kong whenever there is a critical crisis, and implement concrete policy from now on. So I think that credibility will be built.

LAW: Yeah, I thank the support from the U.S. to Hong Kong (inaudible) movement in our pursuit of freedom, has always been a very strong bipartisan and -- well, very vocally since last year.
And for me myself, I study at Yale University last year, and I felt very encouraged that a lot of my -- well, fellow students, they came to me and vocally support for my pursuit and a lot of actions in Hong Kong. So I think it is not only about the government and -- not only about the bipartisan -- bipartisan support in Congress, but for ordinary Americans, we have felt that they really are giving us enormous support, no matter (inaudible) or some other platforms. So I think that kind of noise and vocal support is much needed, and I think it will encourage a lot of Hong Kong people when they feel alone and feel helpless when they face this giant authoritarian regime.

SHERMAN: OK, thank you.

Mr. Curtis?

CURTIS: Thank you, Mr. Chairman.

Yesterday, I introduced the bipartisan Hong Kong Safe Harbor Act, along with my partner, Representative Castro, and other members of this committee including Representative Sherman, Yoho, Kissinger, Malinowski, and others -- and Smith.

I want to pause and take note of the bipartisan nature of this bill, and the strong bipartisan support. And I hope, by doing so, those who are watching this hearing will take notice that we're committed, as a -- as a Congress, regardless of party, to act on this.

This bill would designate Hong Kongers as Priority 2 refugees, streamlining the refugee admission process. This bill also sets up asylum -- an asylum path for those in Hong Kong who are in immediate danger from the CCP: frontline activists, journalists harmed while covering the protests, first aid responders at the protest, anyone who provided legal service to those arrested for the protests and anyone arrested during the protests since June 9, 2019. The legislation also instructs the secretary of state to work with like-minded allied countries to accept refugees from Hong Kong.

This bill addressed the immediate humanitarian crisis. The U.S. must act fast. This legislation is needed, and it's needed immediately. I would also like to note that more legislation is in process, and I'd like to point out the good work of others on this committee, Representative Malinowski and others, and note that we have a lot of work to do. I hope the House will act quickly on this legislation.

My question to the witnesses is that, as I've listened to the propaganda regarding this bill, I frequently hear that it's a passive bill, that it will only be used in extreme circumstances, that it won't be exercised as feared. And I'd like your (ph) comments on that.

And specifically since the law went into effect, I understand there have been arrests since then, and are you seeing any impact already of the bill and is this passiveness that was promised simply propaganda?
LEE: Yeah, I -- firstly, I think it's not at all a passive bill. When you look at the way they, you know, framed (inaudible) and about (inaudible) that is (ph) going to enforce the bill, is really very scary. Firstly, they have a national security (inaudible), headed by the Communist Party back in China. And then they have a National Security Agency stationed in Hong Kong, cooperating (ph) with the -- with the police, of course, you know, and with (ph) police personnel in the whole national security (ph) setup.

And then the police will have the power to confiscate your computer, seize your (inaudible), take -- confiscate your passport. So all these are put into the law, so it's not at all passive (ph) and now (ph) today, yesterday, 10 people have been arrested. Also (ph) 300 people have been arrested. But out of the 300 arrested, 10 of them are (inaudible) arrested for (inaudible) law (ph).

And so (inaudible) it's today already (inaudible) in arresting people in the (inaudible) and that we have just today. And to add one more point, where you look at how the police enforce the (inaudible) the law, they have (inaudible) as I mentioned in my (inaudible) already, you know, warning the people that you may (inaudible) and American (ph).

So it's not as (inaudible) as sadly they are now already starting to take a very active role (inaudible) so that people of Hong Kong will be (inaudible) for their rights (ph) and (inaudible) freedom (ph).

LAW: Yes, (inaudible) comment of Mr. Lee. I think the only (ph) about is execution but its cultural impact towards our -- the Hong Kong as a society is immense. The fourth (ph) person of the Communist Party repeatedly say that -- said that there are a lot of incidents with really long (ph) (inaudible) that people could be violating (inaudible).

Like you're saying certain slogans or you are -- sharing (ph) (inaudible) certain rumors. That could kind of like create hatred towards the government in which it is (inaudible) and also in today's ten arrested, there are cases that individuals carrying banners or stickers (ph) without even displaying it when the police conduct a stop and search. They were actually out (ph) -- arrested by the -- in the names of national security law.

So you can see how bought (ph) and how shallow the whole execution (ph) is I think -- and it's not only about really getting people in jail, but also creating a white (ph) terror among the crowd to remind us that our rights are all being deprived and we can only listen (ph) to whatever Communist Party says.

CURTIS: Thank you. I -- I'm out of time and I appreciate the witnesses. Mr. Chairman, I yield my time.

ENGEL: Thank you very much. Mr. Connolly.

CONNOLLY: Thank you, Mr. Chairman and thank you to our panel for being here and thank you for your bravery to our Hong Kong friends are with us today.
I want to talk about two things. Leverage and impunity. And I think -- I think the elephant in this room is the fact that the Trump administration has unilaterally given up leverage that would be profoundly helpful in the situation in Hong Kong.

On human rights, the president is almost silent. He misses every opportunity to talk to foreign leaders about it. And in fact, is an enabler. Look at Saudi Arabia. Look at Russia. When it comes to international treaties, our moral high ground is compromised by our retreat, whether it be the Paris Climate accord (ph), whether it be the Iran nuclear agreement, whether it be the INF or the fact that we still haven't signed the law of the seas, meaning we don't have much leverage in the body either, which really matters with respect to China.

We talk about Mr. Castro's bill, a good bill to try to provide a relief and valve for Hong Kong refugees, but this administration has limited the number of refugees. It cut the number from 110,000 to 20,000 and we're not even going to come close to that this year. It's made -- it's about to lay off 13,500 people who work for immigration and citizenship services, making it impossible to naturalize or process asylum claims.

And then with respect to China, we know from John Bolton this president pled with President Xi, the man we're trying to influence to do the right thing to help him with his reelection by buying U.S. goods and agricultural goods, especially. Mr. Bolton says in the mass protest a year ago in Hong Kong, President Trump's reaction was, I don't want to get involved. And at one point he even praised President Xi's handling of it.

Where's our leverage? Where's our moral high ground? We can say whatever we want here, but actions of this administration speak a lot louder than rhetoric. And then there's impunity, Chinese impunity. Professor Petersen, you talk a lot about international forums and human rights resolutions and using our influence to try to pressure the Chinese but it seems to me the Chinese have decided it doesn't matter.

They're acting with impunity against the agreement with the handover of Hong Kong, against international law, against international pressure and human rights. What is the leverage we've got, I ask you, Professor Petersen, and why did the Chinese operate with such clear impunity? And Miss -- Mr. Law, you may want to comment on that as well.

PETERSEN: Yes, thank you for that question. International law is inherently difficult to enforce. That's right. But I don't agree with you, sir, that China doesn't care at all about the human rights (inaudible) and the reason I disagree is that I see the Chinese government investing a great deal of time and resources to become a more active participant in the U.N. human rights monitoring bodies and to try to shape the norms into a form that suits them.
So we do see the Chinese government trying to, for example, intimidate treaty monitoring bodies so that they don't post shadow reports that are critical of the Chinese government. We see the Chinese government trying to -

CONNOLLY: Professor, if I could just interrupt because I don't have a lot of time.
PETERSEN: Sure (ph).

CONNOLLY: I'm not sure that proves your point. I think all that does is prove that China is using its leverage to completely dilute the effect of international law. Look at how they've ignored the ruling, which was decisive on the Philippines rights before UNCLOS and the arbiter -- the law of the seas and the arbitration panel. They've ignored it. They don't care. They've shown no interest in caring about that at all, other than to continue to try to dilute rulings of the body and to isolate those rulings when they don't come in their favor.
PETERSEN: I -- I accept your point on the case with the Philippines, but I still don't agree that it's worthless to invest time in the U.N. The reason they have more leverage in the U.N. human rights monitoring system is that the United States have become inactive. And that's where I do agree with you.

We have lost our leverage because we are not on that stage as much as they should be and the truth is, the United States has sometimes ignored rulings as well. I mean, we have not always accepted rulings of the international Court of Justice, even when they had jurisdiction in contentious cases.

So I think no actor in the international stage is perfect but if we want to help the people of Hong Kong, one way that we could help, in my opinion, is to be more active in U.N. human rights monitoring system.

CONNOLLY: Mr. Chairman, could Mr. Law just respond to the impunity question? I, of course, yield back my time.

ENGEL: Certainly.

LAW: Yes, I think -- well for decades the world has been tuning in for China salvation (ph) in terms of trade agreement or in terms of international treaty and for now it is very difficult to find international mechanism that could really hold them accountable from what we have now.

So I think, it is important that we recognize how China has been manipulating the leeway and treating life (ph) issues on China -- on Taiwan, Hong Kong, (inaudible), South China Sea and also in India even with a huge disrespect for international norms.
So I think these -- it's not only about the current mechanism that we could use but also the (inaudible) of countries around the world, especially those more liberal ones, how they could join hands to apply pressure and to stop those on the ground in these places, in regards to China's expansionist (ph) nature.

ENGEL: Thank you very much. Mr. Wright? OK, Mr. Burchett?

BURCHETT: Thank you Mr. Chairman, and I will say, for the record, I'm going to miss you and your leadership. You've been a great leader of this committee in the short time I've been here and I've thoroughly enjoyed it. And I hope you consider me a friend because I sure consider you one, brother. And you will -

ENGEL: Thank you very much Mr. Burchett, much appreciated.

BURCHETT: Yes, sir, Mr. Chairman.

Chinese officials in Beijing and Hong Kong have said this new security law will target an extremely small number of people. I don't believe anybody believes these officials. We cannot assume that the Chinese Communist Party will stay true to their word.

The CCP has shown time and time again they are not to be trusted, they play by their own set of rules. A few examples of that -- I'm going to take my mask off so I can attempt to cover up the origins -- the COVID-19 by destroying forensic evidence, silencing doctors that dared to speak out and failing to notify the international community over COVID as a whole.

And they continue to bully their neighbors in the South China Sea with absurd claims of territorial rights over the Spratly Islands. Bloodshed along the -- along the line of actual control with India, I think, is based on recent events.

We can probably say that China is to blame completely. They have forced over one --1 million Uyghurs into prison camps. I heard the reports go that they're shocking, forced abortions, beatings, torture, solitary confinement, and more.

It honestly leaves you speechless, Mr. Chairman, but I don't know why we should expect any better of a group of people that are oppressing -- they have a history of doing this to their own people. We need to call them out these acts whenever and -- whenever and wherever they do it. Yesterday, pro-democracy political groups that -- I'm not sure if I'm pronouncing this right -- Demosisto and two other independence groups dissolve with Hong Kong.

Is this the point of no return for Hong Kong's democratic movement and I'll ask the -- our distinguished group that's gathered?
LAW: Yes, I think you for your question. I think it is important for us to recognize that any forms of disagreement with Beijing or even in their own terms, intrinsic hatred towards them, could be considered a violation of the national security law.

So basically, none of us could speak freely because we can never guess when they will feel, well, hated. So I think this is, especially dictating Hong Kong for all the local (inaudible). We are specially trained (ph) for most of the occasion, if we don't want to face lifelong imprisonment.

So I think sometimes this is what (inaudible) has created and for us we really have to adjust (ph) how their education would be, how they would implement that law and to adjust our way to conducting our activism. But I don't think this is the end of our mission because as you can see there are three Hong Kongites (ph) sitting in this panel giving out testimony, and also there were more than -- about 100,000 people marching down the street (ph).

There are a lot of great Hong Kong people who -- they're not afraid of the tyranny and they feel, well, much (inaudible), regardless of the intimidation from them. So I think, Hong Kong movement is pretty much still alive and with its tenacity and I think the international community should really treasure and admire this group of great people that keeps us up in this darkest time.

BURCHETT: Any of the others?

LEE: Actually I'm the chair of the Hong Kong alliance in support of the (inaudible) in China that is founded in '89 and we have been fighting for democracy for China and for Hong Kong other the past 31 years, and every day, I must ask my (inaudible) whether I -- we would dissolve our organization because of an effort to (inaudible).

Why they are asking that because we have of course -- we have the platform of bringing justice to those who others (ph) have -- are massacred in Tiananmen Square. We have the platform of -- in the one party rule (ph) and also dealing (ph) a democratic panel.

So people are only asking whether the one party rule (ph) will be something that would be caught by the national security law in undermining the system of China. We do not know regardless, but we have so ordered (ph) the journalists, the media, that we hold onto our principles and we will not retreat. No we do not know what lies ahead of us, but I think it's very important that we believe in democracy and we should practice our belief.

And so, we do not know what lies ahead and we will -- and people always ask me because we have the (inaudible) Museum that a lot of artifacts inside, whether we would deliver it (ph) out of Hong Kong to somewhere safe, no we are not going to do that. We will still stay on and passionate what we have (inaudible) at the heart. But as you said, we do not know when we can return the calls here (ph) to democracy.
BURCHETT: Thank you, I've run over time, Mr. Chairman. Thank you. I hope we continue to support free people everywhere and I think if we're finally going to take care of this problem, we just got to stop buying Chinese junk and we've got to start -- stop putting up with their garbage. And we got -- and talk is cheap and we need to put something behind all this talk. Thank you Mr. Chairman, again, I appreciate your friendship brother.

ENGEL: Thank you Mr. Burchett. Mr. Deutch?

DEUTCH: Thank you very much, Mr. Chairman. First, I'd like to thank each of the witnesses for their testimony as well as their continued bravery and advocacy and support for the people of Hong Kong. We're grateful to those of you especially who took risk by appearing here today.

This national security legislation is just one more example of the political persecutions, oppression of human rights and pro-democracy groups and civil rights lawyer and religious groups conducted by the government of China.

In Tibet, we've seen cultural genocide to control the desire for Tibetan self-determination, we've seen the cruelty in Xinjiang, where Uyghur Muslims are surveilled, their phones hacked to trace their movements, conversations and networks, both in and out of the country. They're forced to provide blood samples, voice prints, facial scans and other personal data, all before being thrown into mandatory re-education camps designed to suppress the Uyghur language and culture, transforming Xinjiang into a virtual police state.

And just today, Hong Kong police arrested protestors under the new law for crimes yet to be divulged and we must ask ourselves "what's next, who is next?" The Communist Party in China's grown more ambitious in ways that are anathema to democratic values and the rule of law, normalizing and enabling environments for the breakdown of civil rights and liberties.

And in spite of Beijing's increasing encroachment in freedoms, I stand, we stand with the people of Hong Kong for their bravery and their courage to advocate for their freedoms. When the freedom and democracy of future generations at -- are at stake, we have no choice but to speak up and to act.

But it cannot come simply from this Congress. There is no doubt that the Speaker of the House, Speaker Pelosi, who chose to spend time with us today is committed to fighting for human rights. She's been doing it for 30 years and there's no doubt that my friend Mr. Smith has likewise been standing up for human rights everywhere around the globe and he's been doing it for 30 years.

But the leadership also needs to come at the top. And we're having this hearing today even as we're struggling to understand how the President's former National Security Advisor wrote of the President stressing the importance of farmers and increased Chinese purchases of soybeans and wheat and the electoral outcome and quote "pleading with Xi to ensure he'd win," closed quote.
And then also the former National Security Advisor said that at a G20 meeting in June 2019, Xi had explained to Trump why he was basically building concentration camps in Xinjiang and according to our interpreter, Mr. Bolton said Trump said that Xi should "go ahead with building the camps," which Trump thought was exactly the right thing to do.

The National Security Council's top Asia staffer Matthew Pottinger told me that -- that Trump said something very similar during his November 2017 trip to China, that also from the former National Security Advisor and even on Hong Kong the President said, after a quarter of the population of Hong Kong turned out for weeks of protests, the President said "I think President Xi of China has acted responsibly -- very responsibly. They've been out there protesting for a long time. I hope that President Xi will do the right thing," he said, adding "China could stop the protests if they wanted."

I am -- I want to commend the State Department for its May 28th joint statement with the government of Australia, Canada and the UK, loudly opposing Beijing's imposition of national security law on Hong Kong but I am so troubled at the way the President has conducted the relationship -- his relationship with President Xi and all of the ways that I just laid out that so clearly contradict the great bipartisan commitment to standing up for the human rights of the people of China and today especially people of Hong Kong, that we've seen exhibited here in this committee.

Mr. -- Mr. Law (ph), if I can just ask, the United States clearly has to work with likeminded countries. What more can be done, should be done with the United States leading the way in the multilateral effort to respond to this new law -- the imposition of this new law? What can be done?

LAW: Thank you very much, Congressman, for your question. I think for now as -- when push forward multiple bills condemning Hong Kong's situation. That way, (inaudible) need a strong action to implement them and to see what we can do to hold China accountable because for the past few years, we've been pushing forward (inaudible) and I'm glad that it was passed last year -- end of last year. And we've seen a lot of common (ph) bills that were going to be passed and will be pending to (inaudible) on them. And I think this is an important process to show the world that even the U.S. or the western world, when they are dealing with China, they no longer see trade or business interests as their priority but for human rights and for the pursuit of freedom.

So these likeminded countries, I think, will adjust their priority (ph) and (inaudible) rights. It's the most important thing that we could expect and we would definitely feel encouraged if these countries are doing it with a -- well, a very obvious (ph) -- (inaudible).

DEUTCH: Thank you very much, Mr. Law (ph). Thank you, Mr. Chairman.

ENGEL: Thank you, Mr. Deutch. Ms. Wagner?
WAGNER: I thank the Chairman and certainly our -- our witnesses for bringing attention to China's attempt to bully and intimidate Hong Kong into abandoning its rights and freedoms. Hong Kong's success as a free and open city exposes the injustices and hypocrisies of the Communist system in China.

Congress stands in unity -- in bipartisan unity with Hong Kong residents as they fight to protect rule of law and respect for human rights in their city.

Yesterday, the standing committee of China's National People's Congress formally approved the -- the national security law in time for it to go into effect today, on July 1st, the anniversary of Hong Kong's handover to China. This is a date of great significance for pro-democracy advocates in Hong Kong.

Ms. Petersen, I think we know how this new law has affected the annual July 1st protest, sadly, but how should the United States respond to these violent crackdowns on protestors?

PETERSEN: Thank you for that question. Well I think obviously we should be condemning it, we should join multilateral groups at the United Nations to condemn it, we should become more active in the U.N. Human Rights Council, which is being asked to set up an independent monitoring mechanism, and I fully agree with everyone who has suggested the Safe Harbor Act because I think it is very -- a very strong and significant show of support, more than just talk, to tell people that you will provide safe harbor if they have to flee an authoritarian regime.

I want to say one brief thing about this -- the statements that this law will only be enforced against a small number of people. I think that was Carrie Lam's hope because she really hoped that everyone would be so frightened by this law that everyone would stay at home, and that's one of the reasons the law was brought into force during the COVID restrictions because it makes it easier for the Hong Kong government to try to persuade everyone to stay home, but clearly that hasn't been the case. I think that there will be far more arrests than perhaps Carrie Lam had predicted.

And the big question will be whether that people are tried in Hong Kong where I do think the judiciary is still independent or whether the mainland will use Article 55 to bring them to the mainland for trial, which would really be a terrible violation of the...

WAGNER: Thank you.

PETERSEN: ... Sino-British joint declaration. Thank you.
WAGNER: Thank you, Ms. Petersen. More than just talk I think is the operative word there. The Communist Party’s move to impose this national security law on Hong Kong seems to be inspired in part by domestic instability stemming from the party’s catastrophic handling as you just mentioned, Ms. Petersen, of the coronavirus pandemic. And I just came from the China Task Force where I presented a Compensation for Americans Act, piece of legislation that I hope we can move forward. Mr. Lee, do you expect discontent at home could push an unstable Beijing to take even more shocking actions against the people of Hong Kong?

LEE: Thank you for the question. We expect that the communist party of China will, you know, seem high tempered (ph) in the way they try to compress the protest, but still the people come out. I think we all have to appreciate the very sort of people (ph) all (inaudible).

And they have actually seen, you know, instrument oppression (ph). One, it's an act of superior law, but actually they have mean (ph) another law that is which is draconian law in the British colonial time, and then they changed it as dealing 97 to make it a more harsher (ph). It's a public security order. And I personally want change for (ph) -- family charges for five, four (ph) incidents or marches under the policy, security ordinance because now they're using the excuse of COVID-19 and saying that they will ban all gathering.

And so, when we want to organize all new maintain of one million and two million marches (ph) back in June last year...

WAGNER: Thank you.

LEE: ... now (inaudible) impossible to do that now.

WAGNER: Thank you. Thank you, Mr. Lee. Real quickly. China seems to have accelerated the timeline for passing and implementing the national security law in order to turn the tide against pro-democracy candidates at September’s Hong Kong legislative council elections. I don't know if you have time to answer because my time's about out, Ms. Petersen, but how do you anticipate the national security law will impact the make up of Hong Kong’s legislative council? What actions can the international community take to protect the pro-democracy movement this September?

PETERSSEN: Thank you for that question. Well, very briefly I do anticipate that the Beijing and appointed Hong Kong government will try to use this law to disqualify pro-democracy candidates running for office. It think the Democracy movement is being very careful to try not to violate the law or at least to make sure that there are candidates who can still stand, but it's going to be very difficult. I think they will try to use it as a pretense for disqualifying them.

WAGNER: Thank you, Ms. Petersen. My time's expired. I appreciate the indulgent of the chair -- indulgence of the chair, and I want to thank Chairman Elliott (ph) for his leadership on this committee and here in Congress. It is an honor to serve with you, sir. I yield back.
ENGEL: Well, thank you very much, Mrs. Wagner. Very much appreciated those very kind words. Thank you. Mr. Cicilline.

CICILLINE: Thank you, Mr. Chairman. Thank you to our extraordinarily courageous witnesses for being here today for this really important hearing, and while it is comforting to know that there's strong bipartisan support for human rights in the Foreign Affairs Committee of the Congress of the United States, I think we have to recognize that the president's policy towards China has undermined American leadership and called into question frankly decades of strong bipartisan support for Hong Kong. And the American policy toward Hong Kong should, of course, be based on advancing the interests of our own country in supporting autonomy and democratic freedoms for Hong Kong, but we know, of course, that just a few months ago the president wanted a trade deal and couldn't offer President Xi enough praise or deference during those negotiations and subsequent to them.

We also know now there's new reporting that the president sought assistance in his reelection campaign from the Chinese and supported the Chinese government's efforts to continue to put the Uyghurs in concentration camps and actually praised President Xi's handling of earlier protests in Hong Kong. So my first question is despite strong, clear bipartisan support for democracy and freedom in Hong Kong, how does the president's conduct and his failure to speak out on in support of human rights broadly and then the specific effort to coddle the Chinese president and advance his own political interest, how does that impact what's happening in Hong Kong, how the Chinese government responds to protests in Hong Kong, and any of the witnesses who can provide an answer to that would be helpful? Mr. Leung, maybe you can start?

LEUNG: Yes. Thank you for the question. I think it is important that we have a stable and strong alliance including the cooperation from the Congress and the White House. When there are resolution passed in the Congress, then we can swiftly implement it. So I think it is important that we need a more or less volatile government to really handle these cases, but I think sometimes it's strategic and I think most importantly the structural direction towards China are more assertive and more -- and advocate (ph) that holds China accountable has already established. So I think for long term I'm not worried that this kind of like consensus between aisles will fade.

CICILLINE: Thank you. Mr. Kai-Ping, could you speak to how you think the Chinese government will use this new law? Again, it's not a security law. It's a law of repression of dissent. It's a law to destroy democracy in Hong Kong. There was -- it's already been reported the first arrests this morning under this new law for a gentleman holding a Hong Kong independence flag. And so, what should we expect to see in terms of the imposition or the use of this new law?
LEUNG: I think on two levels you can the impact that it's immediate on Hong Kong. First, I think there is a pervasive sense of self-censorship that political party have to in advance dispense themselves. (Inaudible) online have to self-censor their content and protestor no longer will be able to enjoy the civic freedom to express political beliefs and hanging of political flag or slogans.

I think those very pervasive intrusion to civil liberty to have -- that we have enjoyed over many decades is now under great threat and I think the second level is really about the institutional presence of the CCP and Hong Kong that their office could now basically is about the law. The (ph) operation is not bound by basic law, not bound by Hong Kong (inaudible). There's no way to hold them accountable. They could do surveillance, they could intercept information. They could do secretive -- arrest a protestor and then extradite them to China.

So it's -- the law is really comprehensive in the sense and is -- its presence is pervasive (ph) in every corner...

CICILLINE: Thank you.

LEUNG: ... of civil society.

CICILLINE: Thank you so much. My final question is, I know that speaking out and condemning this conduct of the Chinese government is something we all are -- all will do and a purpose of the hearing is to shine a light on it. I know many have suggested moving forward with sanctions, which of course is appropriate.

But my final question is, are there other things, other actions we should be taking both as the United States and along with partners around the world and our allies that will have a meaningful impact on the Chinese government in -- in terms of their efforts to destroy the democracy of Hong Kong? And if so, what are they?

LAW: Well, I think at least for now, it -- it -- well, the problems in Hong Kong (ph) is not only about Hong Kong, is about how China will continue its authoritarian expansion of nature (ph). So I think we could think of something like (inaudible) Winter Olympics -- upcoming Winter Olympics and also issues not only happening Hong Kong, but happening elsewhere, like (inaudible) in Taiwan, in order to pile up the pressure and to coordinately apply pressure and let them to be alive (ph) with the international norm (ph) and international ruling.

CICILLINE: Thank you, sir (ph).

LEUNG: And if I may answer that, I think -- do we have time? Sorry.

CICILLINE: Sure, as long as the chairman will let you answer.

ENGEL: Yes. Yes. Certainly.
LEUNG: If I may add, I think the world now has to reckon with risk (ph) in China that is a economically very powerful and I think the world has to formulate a very stable, cohesive and multi-electoral policy towards China, especially on terms of trade and business conducting.

There are still U.S. company who operate in (inaudible) region and we have to take into account human right issue when dealing with China in economic front, especially with the issue (ph) of Hong Kong.

CICILLINE: Mr. Chairman, before I yield back, I too, want to thank you for your extraordinary leadership of this committee. You have been a mentor from the day that I arrived in Congress and had the privilege of serving on the Foreign Affairs Committee. I will be forever in your debt and thank you for your great friendship and your service to our country. And I yield back.

ENGEL: Thank you so much, Mr. Cicilline, very much appreciated. Thank you. Mr. Watkins.

WATKINS: Thank you, Mr. Chairman, and thanks to the panelists for your bravery. The Chinese Communist Party poses a serious threat not just to the United States but international interest. This is Chinese government, clearly not the Chinese people, as the CPC (sic) is problematic and many Chinese people have immigrated to the United States, they're welcomed, obviously I'm biased because I married one.

But the CCP for decades has been using meticulous and multidimensional strategies to degrade and undermined American hegemony money and democracies around the world. Chairman G (ph) has accelerated these efforts, most recently and clearly apparent in CCP’s dealings with Hong Kong.

Obviously, CCP has violated the promise of one country two systems by clamping down on Hong Kong and they have shown a blatant disregard for human rights. The mass detention of millions of Uyghurs, forced sterilization presumably of tens of millions of women over the past 30 years, and not allowing the freedom of speech.

Chinese citizens who criticize the government are disappeared. Most recently we've seen that play out during the coronavirus where now the world has over 10 million cases and half a million deaths. They didn't share life-saving information, they covered up how infectious and dangerous the disease was. They didn't report human to human transmission for a month and they censored anyone trying to warn the world.

And let some 5 million people leave Wuhan without screening. They destroyed samples, they hoarded PPE and they blamed the United States soldiers. So they have not been a good actor with regards to coronavirus and with regards to national and regional disruption. Economically, they have stolen hundreds of millions of dollars of intellectual property from the United States. They forced technology transfer and they interfere with global supply chains, economics and international business.
So countering the CCP’s aggression, thankfully we’ve got a president who will hold the CCP account, an American president unlike any other in history will be tough on China. Republican Leader Kevin McCarthy’s established the China taskforce spearheaded by this committee’s own ranking member, Mike McCaul.

It’s clear that we must steer the U.S. in a direction that is less dependent on China economically and in terms of manufacturing, and so my question’s to Mr. Law, who, sir, you understand the United States very well. You went to Yale University. I represent eastern Kansas. What do Kansans need to know about the situation? What can I take home to tell my constituents?

LAW: Well, I think when we talk about human rights (ph) also the human rights violation in Hong Kong, we have to understand that we’re actually facing a global fight (ph). We’ve seen a lot of -- like for example in the general election in the U.S. and also (ph) (inaudible) forces (ph) infiltration and also manipulating a lot of misinformation campaign and the same happens in Hong Kong.

So I -- I can’t think in the U.S. and in Hong Kong we both share a lot of things that are originated from authoritarian powers like Russia and like China. So I think for me, my -- my -- my greatest (inaudible) is to educate more U.S. citizens to understand that we actually in a global right (ph). We should hold hands together and to suppress these authoritarian expansionists and to let us know that fighting for democratic (ph), especially in Hong Kong in this foreground, is indeed helping the world to preserve its democracy and its values.

WATKINS: Thank you. To either -- any of the other panelists, I’ve been to Hong Kong. I love Hong Kong. How will the future be different in the next five or 10 years because of the CCP?

LEE: I don’t think anyone can, you know, tell the future (inaudible) but I think we are (inaudible) time, not just us but I think the (inaudible), everyone will (inaudible) who only (inaudible) without (inaudible) people I think (inaudible) hard time.

But I -- I want to also mention one thing about, you know, people to people, the (inaudible) just mentioned, educating the American public about the situation in Hong Kong. And one thing that I think the (inaudible) also mentioned about (inaudible) and I -- I think they also wanted to -- wanted to intervene (ph) into how these (inaudible) go on.

But I think it’s a -- the -- only -- it’s very important and very -- very (inaudible) people of Hong Kong that these (inaudible).

LEUNG: If I may just (inaudible) last word about the -- how do we want to speak to American audience, I think we have to recognize Chinese inference (ph) is not only about Hong Kong, it’s also about people around the world.
We think -- let's talk about Zoom. The app has been using American (inaudible) that explicitly censors Chinese activists. We can talk about disinformation campaign of China on Twitter, on Facebook, social media platform that are owned by China and censor sensitive information such as TikTok, which is widely used by American teenagers.

So I think we have to recognize the global inference (ph) of China is actually infiltrating to every corner of the world and every citizens, even in America, will affect (ph).

WATKINS: Thank you very -- very much. I appreciate the bravery of the panelists. I yield, Mr. Chairman.

CASTRO: Thank you, Mr. Watkins. And I'll now recognize myself. The Chinese government is not only violating the rights of Hong Kongers but also violating an international treaty, the Sino-British Joint Declaration. This again undermines the credibility of the Chinese government when it comes to public pledges and international agreements.

The national security law is part of a larger campaign of increased aggression from China in recent months, from its clashes with India and Vietnam to its bullying of Taiwan and increased repression of the Uyghurs.

I believe China has been emboldened by the fact that no one is minding the shop at the White House. President Trump has consistently failed to hold China accountable on a range of issues and has in fact demonstrated no interest in doing so specifically on human rights.

Last summer, President Trump adopted the Chinese government's language by calling Hong Kong's peaceful protests "riots." He also promised President Xi from the beginning that he would not get involved in Hong Kong in a misguided attempt to win concessions on China in trade talks. That strategy, like most of President Trump's, failed -- it failed and is now costing the folks in Hong Kong.

I joined Representative Curtis in introducing a bipartisan, bicameral bill, the Hong Kong Safe Harbor Act, that would -- that would expedite the process for Hong Kongers being persecuted to seek refugee -- refugee status in the United States.

This is a common sense policy that will protect the protesters who inspired so many of us for their dogged commitment to upholding universal human rights in the face of a very repressive regime. We also must work with our allies, such as the United Kingdom and Taiwan, in protecting Hong Kongers who now face retaliation by mainland Chinese forces.

With that, I have a few questions. And as I mentioned, Mr. Curtis and myself, along with other members of this committee, introduced a bill yesterday that would give Hong Kongers who face persecution an easier path to receive refugee status in the United States.
Can any of the witnesses speak to whom in Hong Kong -- or whom in Hong Kong is most at risk of being targeted -- targeted by the Chinese and being persecuted because of the national security law? Should the United States space -- pay special attention to student leaders and other specific groups? And I ask that question of anyone on the panel.

(CROSSTALK)

LEUNG: Thank you for the question. I think that since 2012, I think Hong Kong has seen a wave of (inaudible) movement. We have (inaudible), we have a group of student leaders coupled with other seniors in civil society who led the umbrella movement and now the -- the extradition -- anti-extradition (inaudible) movement in 2019 (ph) also subsequently involved a lot of young protester.

So I think party leaders -- for example, Maeve (ph) and Joshua (ph) -- are under tremendous pressure by the CCP. I think those political leader from our generation do need certain protection but also just other activists who have been first aid or have been legal consultant, who have been, you know, just reporting news as they will also be under pressure under the national security law.

CASTRO: OK. Anyone else on the panel?

LEE: And -- and -- and I think about the young protester and all of the protester that have been arrested over the past year -- there are already 9,000 arrested and 2,000 of them prosecuted under the law and -- and many of them are (inaudible) together the law of -- the -- the crime of -- the so-called crime of riot. And then they end up in four years to six years or even more years jail time for them.

But very often, what happen is not that they have an accident in the scene (ph), it's just that they have no method (ph) and then the police find that as a -- a -- a scene of a riot and then they are caught -- caught -- caught by the police and then they -- they may be sent to jail for four years.

So it's not that the national security law is (inaudible), what I wanted to say is (inaudible) protest movement in the past that already -- a lot of persecution for (inaudible). So I think in the future and the past, you know, these victims of police brutality and police harassment and prosecution and death, political prosecution should be the ones that have -- should be supported and -- and (inaudible) going to be (inaudible).

CASTRO: All right, thank you. I'm going to keep myself on time here and thank you for your answers. I'm going to go to Ms. Titus of Nevada.

TITUS: ... hear me -- oh, there we go. Well thank you very much. And most of the hearing has focused on just this particular law and the context of the COVID virus but as you just said in these last few speakers, this really isn't new. It goes back to 2014 with the umbrella movement, with the umbrellas against the tear gas, when they appointed the first special executive.
Then last summer, I was in Hong Kong, we saw the early protests against the extradition law. That was withdrawn but certainly some of the other demands weren't. But throughout all of that, Carrie Lam said we still have the one country, two systems. That seems to now be out the window. This -- didn't seem to be much pretense that that still exists.

So I wish you all would elaborate maybe on how we should've maybe seen this coming. And then second question because of my own background, I wonder what the impact of this is going to be on university students, academics professors in Hong Kong because the way the law is defined where it says subversion of state power, terrorist activity, collusion, those are very broad terms that can be applied just about any way the regime wants to, and that would certainly target I would think professors and students and the social sciences.

LEUNG: Yes. Thank you for the question. If I may just address the second part of your question, I myself is in academia and a lot of Hong Kong intellectuals whether they're young or whether they're most senior extremely worry about their future. They worry about whether they can conduct independent research, whether their previous work will be scrutinized and used as evidence against themselves, and also not only (inaudible) academics, even scholars in America because the law is so pervasive that is also cover American citizens academics who study on China or Hong Kong are very worried about their future. Will they be enter Hong Kong safely for future conference or research or not to mention, China, right? So I think academics is under tremendous pressure under this law, and a lot of self censorship will happen.

And lastly to go back to your first question, you rightly point out that is not a new phenomenon. If you look at 2014, Xi Jinping actually issued a white paper on the formulation of one country, two system policy. And it's explicit that the CCP under Xi Jinping's leadership is about total control, is about party dominance, is about what they call over (inaudible). So we should take into account the historical trajectory of CCP changing its formulation of one country, two system, completely different from the era in (inaudible) for example about Hong Kong people ruling Hong Kong now. Xi Jinping said it's about the party ruling Hong Kong. It's about parts (ph) who control every sector of Hong Kong.

TITUS: Thank you. Any...

LAW: Well, do you mind if I jump into the second part of the question because I'd say even (inaudible) we have witnessed a lot of suppression and worries from the local community and a lot of scholars or students. They really worry that whether they have a academic freedom in Hong Kong. So actually a lot of them are seeking opportunities to study abroad or work overseas.

So I had the experience of talking to them, and I think sometimes if we like for example in a school if they provide scholarship, then they could single out Hong Kong as a region from China and give them separate courses. Then it will facilitate them to be able to get this fund and to study abroad and continue their career as a scholar.
And I think this is important because while in the U.S. we've got a lot of, well, speculations about whether there are covert missions from the Chinese students, whether they are guided by their party, and sometimes there are lots of vacancies on the ground which supports may be given to them (ph) but for now don't because of political reasons, and these funds could be transferred to Hong Kong students who are like really in (inaudible) but being suppressed because of their political beliefs. I think it is one thing that we could support them locally and then to culture them in a free space, and they could, well, kind of like repay back to Hong Kong with their own term.

TITUS: Maybe we need to look at that specifically as we think about sanctions or safe harbors to not forget about that whole student academic faculty researcher population. If anybody else?

LEE: Yes. Just one more point. You know, the way the Communist Party, they are having (inaudible) over the whole society at first (ph) including university pandemic and also (inaudible). So they will say blame (inaudible) about what the behavior of the mean (ph) but actually imposed under the (ph) youth is leading the movement, not leading the pandemic.

But one thing they will do in the future (inaudible) Hong Kong life is they will put political loyalty above anything. You know, any profession that you may be very, very sharp and outstanding in the profession, but if you are not politically loyal, then they will not hire you in the academic field, social service. Every aspect of life they want only one thing, loyalty to the Communist Party.

CASTRO: All right, y'all.

TITUS: Thank you.

CASTRO: Thank you, Ms. Titus. We're going to go to Mr. Chabot of Ohio.

CHABOT: Thank you, Mr. Chairman, and I unfortunately didn't hear all the questioning here because I'm the Ranking Member of the House Small Business Committee, so I just came from a hearing there, so if I repeat anything that others have already asked, I apologize in advance, but I'd open this question up to any of the witnesses who might like to respond.

I'm one of the founding co-chair of the Congressional Taiwan Caucus and I'm currently Co-Chair of the caucus as well, so I guess that based on the Chinese Communist Party's decision relative to Hong Kong with the national security law, what should we expect China's next move against Taiwan potentially to be, and what should Taiwan learn from Hong Kong's experience? And I, again, yield to any of the witnesses who might like to respond.

LEUNG: Thank you for the question. Professor Petersen, do you want to chime in?
PETERSEN: I would just say very briefly that I think Taiwan already knows that one country, two systems was not going to be fulfilled. It was originally developed for Taiwan, and sometimes people used to say when I first moved to Hong Kong in 1989 that Taiwan was Hong Kong's insurance policy because the Chinese government would want to show Taiwan that it will keep its promises, but clearly that hasn't happened and I don't even think that China is trying to take any sort of soft diplomatic approach to Taiwan anymore. They're just trying to scare Taiwan.

CHABOT: Thank you very much. Any of the other witnesses want to weigh in?

LEUNG: Thank you for the question. I think in recent years there has been tremendous interaction and exchange of Hong Kong and Taiwanese civil society, and Taiwan activists and commoner that I've heard actually learned tremendous deal of how CCP's ambitions and ideology about control, you know, how dominant one country, two system can be, you know, once implemented in Hong Kong. So I think I agree with Professor Petersen that it shows that one country, two systems is a broken promise as that could not be implemented in Taiwan.

The last year anti-extradition bill movement have helped tremendously to sway the discussion in Taiwan about how do we perceive China, and I think China would not give up the ambitions towards Taiwan or Hong Kong, and I think they will try to exert that national security concept to Taiwan fear if not formal legislation, something formal institution and informal channel of inference.

CHABOT: Thank you very much. Let me go to another question. What should the international community, specifically the United States, do to impose real consequences on the CCP for suppressing freedom in Hong Kong while minimizing any blow back or any consequences or any hardships on the people of Hong Kong itself.

Who we obviously want to help and stand with. We don't want to make their lives any more challenging than they already are.

But what's the best way to impose hardship for the bad behavior of China without harming the people of Hong Kong? And again to any witness who might like to take that.

LEUNG: Thank you for question. Again, China that has used Hong Kong as a conduit to import sensitive technology to finance its companies who are in tremendous debt. To conduct -- let's say IPOs or (inaudible) champions in Hong Kong.

So China has benefited tremendously from Hong Kong as a gateway to international finance -- to get a gateway its national technology that's actually from America. So those (inaudible) where America can exert tangible (inaudible) on China.

And without the more precise (ph) parliament (ph) or exertion -- actually Hong Kong people have not benefitted tremendously from those economic arrangement.
So the consensus in Hong Kong now who basically hold China accountable and stop them from abusing a spectral economic status. So I think the support is actually there for U.S. to implement more tangible sanctions on China.

CHABOT: Thank you and I'll get in one last question if I can. One of Hong Kong's principle strengths obviously is that it's such a great place to do business. If any of the -- maybe one of the witnesses could discuss whether this new National Security Law will have a chilling effect on businesses and their international employees over and above any political activity.

LEE: Well thank you very much. I've talked to professionals and they are all thinking about leaving Hong Kong. And also I've talked with some business stakeholders they are also thinking about stop moving into Hong Kong or stop injecting more funds until Hong Kong is more stable.

So I think it's important to realize that we're not the ones who are harming Hong Kong or creating an economic difficulties for Hong Kong. But the Chinese Communist Party they are actually trying Hong Kong as a city that would embrace different values -- a different opinion.

And it's very vital for business -- so I think yes, indeed we are suffering much from the implementation of National Security Law.

CHABOT: Thank you very much. I yield back Madam -- Mr. Chair.

CASTRO: Thank you. Thank you, I recognize Mr. Malinowski.

MALINOWSKI: Thank you, Mr. Chairman. And I want to thank our witnesses for their continued commitment and courage on speaking out behalf of the people of Hong Kong. We are all aware that we're in a contest with the Chinese Communist Party.

A contest of ideas and unfortunately for the people of Hong Kong, they're playing a role similar to the people of Berlin during the Cold War. This is a battleground in that contest.

And we can not underestimate how important this is and how difficult it is going to be -- given the determination of Beijing to crush the freedom of the people of Hong Kong. My focus has been on what can we practically do about it?

I strongly support targeted sanctions but to be frank I don't think they are going to do much good in terms of deterring the Chinese government from these actions. I think more important -- as Mr. Leung mentioned -- it is to take action to withdraw some of the privileges that corporations doing business in Hong Kong currently receive. That's a difficult conversation we're going to have to continue to have.

We've spoken, also, a lot here today about the importance of offering safe haven for people from Hong Kong and I think that's incredibly important and I want to make sure we're all clear.
We have two pieces of legislation that I think are equally important, Mr. Curtis, Mr. Castro and others have offered a piece of legislation that I've co-sponsored to provide expedited refugee status for activists, for people in Hong Kong, who have a credible fear of persecution.

That is a lifeline for the people who need it the most. A number of us, including myself, Mr. Curtis as well, Mr. Phillips, Mr. Kinzinger, Mr. McGovern have offered an additional piece of legislation, The Freedom in Choice Act, which is meant not only as a lifeline but as a warning to Beijing because in that legislation we also offer admission to the United States to people from Hong Kong with advanced degrees, business owners, those who have completed undergraduate degrees in the United States.

The idea here is very simply to say to the Communist Party of China that if you indeed suffocate and crush Hong Kong, you will lose its wealth and talent to the United States. You will lose its wealth and talent to what you consider to be your greatest adversary.

And frankly, your loss will be our game. The point here is again not just to provide a lifeline but a warning in order to try to deter Beijing from doing its worst to the Hong Kong.

And I wanted to ask of the witnesses about this combination of efforts, and particularly whether they think that that warning might have some impact on Beijing's calculations because after all they want Hong Kong because of its wealth and talent and I -- we know they are very worried about the brain drain to the United States, to the United Kingdom, to Canada, to Australia.

Mr. Law, maybe begin with you. Do you believe that this kind of action might be noticed in Beijing and might actually affect its calculations?

LAW: Well definitely, I think Beijing is under pressure and that's why they wanted to implement the national security law in order to shut this course (ph) (inaudible) Hong Kong but -- and in fact it actually reignite the whole movement.

We've got a lot of people coming down to the street to protest and they are obviously afraid of the newly implemented national security law, but they actually -- well Beijing (ph) will be by himself and I think for the international community which will have a multilateral comprehensive acquisitive (ph) strategy of dealing with China. Not only in Hong Kong but also for example three-day --well, they will have a retail impact (ph) very soon and shall we endorse that, shall we participate that. If we not, then what message could we deliver in order to hold China accountable.

And I think it is important that we put this kind of angle looking at China issue in every respect -- in prospective including the human rights violation in (inaudible), the intimidation (ph) to Taiwan, the cultural genocide in Tibet.

So, I think, yes indeed, China is really pressured but we have to push far more than only work (ph), but we need coalition. We are alliance and we need a multilateral and comprehensive actions to them.
MALINOWSKI: Thanks, anyone else just quickly want to chime in on whether offering admission to the United States --

LEE: Hi, I will -- I guess -- yes, I want to talk about the business not to succumb to pressure from the Chinese Communist Party in suppressing human rights in China or Hong Kong. And one example I think I mentioned about Zoom, actually I'm a victim of being blocked. My account was being blocked by Zoom and afterwards, apart from me, two other activist in America, both have our Zoom blocked (ph) (inaudible) and our phone monitored (ph) for -- our account was blocked and then they said it was because the Chinese government had asked them to block out accounts.

And then answered to our -- the fear (ph) of the media is that OK in the future they won't block our accounts but they will block all Chinese participants (ph). This is the way that the business men behave here. The same with the (inaudible) willing to sign on to the national security law, so business had to be held.

Also are responsible for human rights violations in many parts of (inaudible) that are affecting rights (ph).

LEUNG: If I may just add very quickly, there are other issues of (inaudible)...

(CROSSTALK)

MALINOWSKI: You want to for about 10 seconds?

LEUNG: ... Actually, at substantive (ph) pressure on China -- for example the U.K. was would mention about favorable opening of the BNO (ph), actually it was met with severe criticism from the Foreign Affairs department from Chinese company -- from the Chinese government.

For example Hong Kong housing market is sustained by Hong Kong people and they are actually substantively owned by a lot of property developers from China.

So when Hong Kong people flee from Hong Kong on a substantive scale, actually it hurt Chinese interests when for example our financial market...

MALINOWSKI: Sure.

LEUNG: ... stock market, housing market are (inaudible)...

ENGEL: I'm going to have to -- I apologize. These are all very engaging questions and answers, but I want to make sure that all of the members have time to engage with all of the witnesses and ask their questions, especially before we have to go vote in just a bit. So with that, thank you Mr. Malinowski. I'm going to recognize Mr. Phillips now.

PHILLIPS: Thank you Mr. Chairman and to each of our witnesses, I celebrate your courage and gratitude on behalf of this entire committee for being with us today.
I woke up to two very troubling headlines in your times this morning, one, China Software Stalked Uyghurs Earlier and More Widely, Researchers Learn, and second, Arrests in Hong Kong, as Security Law Sends Chill Over the City, as we see live reports are right now what's happening in the streets of Hong Kong.

I have to give President Xi some credit. He has accomplished something that many thought was impossible and that is unifying Democrats and Republicans right here in the U.S. Congress, citizens of the United States, all in opposition to his oppressive and repressive policies.

The foundation of Hong Kong is freedom and that foundation has been dealt a terribly damaging blow in the past 24 hours. With that said, we talk about sanctions, we talk about condemnations, but I like the notion of invitations by as my colleague Mr. Malinowski just spoke to.

That is why I am a original co-sponsor of his bill, the Hong Kong People's Freedom in Choice Act, which will protect Hong Kongers who are facing persecution. And I also celebrate that Boris Johnson's announcement that the United Kingdom can offer 3 million Hong Kong citizens with British national status a path to full citizenship.

And I want to take this opportunity to call on the rest of the world to consider extending those same invitations to Hong Kongers who are now being oppressed and repressed. So, on the notion of invitations versus sanctions, I would love to hear from our panelists today their perspectives on how effective such policies might be. If we might start with you, Mr. Leung?

LEUNG: Thank you for the question. Again, I myself and other many of my close friends have to face a very difficult situation of leaving Hong Kong because of decades of possible imprisonment. So we're having a life boat (ph) having a safety (inaudible) for people who are immediate danger.

And in a situation where the court is not independent anymore because the Chief Executive could actually hand pick judge us is extreme important. So I suppose and I think secondly (inaudible) and sanction are not mutually exclusive.

I would reference the ideology of the movement that has been very popular in Hong Kong which is be water. I think people in Hong Kong are very flexible in their tactics.

If they have to leave for immediate danger, they would do so and they would continue their fight in overseas for example in the United States.

So I think a combination of those strategy by offering tangible pressure on China and offering a viable option for Hong Kong people are extremely important and well balanced.

PHILLIPS: Thank you, Sir. Professor Petersen if you might share some perspective on invitations.
PETERSEN: Yes, I would fully support the idea of the Safe Harbor Act and the Freedom of Choice Act. And I would like to also circle back to a point that one of the representatives made about academics and students.

And I would just like to suggest that you might look into their -- the network. There's an international network known as Scholars at Risk. And it is a network of universities all around the world that tries to support academics in students who are at risk of having their academic freedom and other freedoms violated.

And often what that needs is some funding to be able to help bring academics on academic visits where they can escape persecution and actually do some research. So I think that would be very productive.

And then I would just like to reiterate the importance of the United States being more active in viewing Human Rights (inaudible) monitoring bodies and ratifying more treaties and getting reactivated when the U.N. Human Rights Council. Thank you.

PHILLIPS: Thank you, Professor. Mr. Leung.

LEUNG: Well I think it is really important for us to realize not only people that are face suppression (ph) and that some of them (inaudible) but for those working on the ground. They often need the attention of the world. These combinations of strategies are much needed.

PHILLIPS: Thank you. And Mr. Lee, if you want to share some perspective. We have about 20 seconds left.

LEE: Yes, thank you. I think invitation is one strategy and I think people of Hong Kong -- those especially who are under immense fear of their (inaudible) can have a safe (inaudible) is very important.

But at the same time, the -- we are in for the long haul. I think the history in Hong Kong will be in for a long haul. And we need a long term support and we hope that we can get it international communities (inaudible) in the long term (inaudible). This fearing justice (ph) (inaudible). Thank you.

PHILLIPS: Thank you, Sir. A good reminder to all of us. I yield back my time.

CASTRO: Thank you, Mr. Phillips. I recognize now Mr. Reschenthaler, Pennsylvania.

RESCHENTHALER: Thank you, Mr. Chairman. I appreciate it. You know earlier today, I heard the Speaker come in here and say that she studies Chinese History and politics for an hour a day.

You know that's nice, but maybe we should actually take an hour today and actually run the Hong Kong (inaudible) Act. It passed unanimously in the Senate. This would actually do something. We would actually sanction the bad actors that are cracking down on Hong Kong.
So I hear about the one hour a day, it frustrates me. Because I'm glad people are studying this but we can actually do something to combat CCP aggression in Hong Kong.

And every day, every hour that we delay this we allow the CCP to consolidate power. We allow the CCP to arrest more freedom fighters. We allow the CCP to erode and chip away at Hong Kong's autonomy.

So how about instead of studying this issue, like the speaker says she does, how about we actually take hour each session day and run bills to hold China accountable? How about we take an hour next session day and we do something about the atrocities on the Uyghurs?

How about we take an hour and do something about the theft of intellectual property? How about we take an hour out of one session day and talk about how the Chinese and the CCP steal -- steal innovation from our colleges and universities?

How about we take an hour one session day and do something about the Chinese dumping fentanyl into the United States, particularly in my district where people are actually dying of overdoses?

So I'm glad that the speaker says she takes an hour a day to study these issues. But how about we actually -- how about instead of studying these issues, we actually do something to hold China accountable?

And with all due respect to the witnesses, they're -- they're great people, they're doing a great job testifying today, but -- I don't want to single anybody out. But I've heard about international institutions and how these are the answers.

Well, the Chinese have already exploited our international institutions. They've completely taken over the World Health Organization. The WHO has become a -- has just parroted CCB -- CCP talking points. The International Criminal Courts that I hear being talked about do nothing but single out Americans and Brits and Israelis while do nothing about transgressions of the PLA.

So I hope the air conditioning is nice in your ivory tower. But how about you get out of it and actually take a realistic view of foreign policy, and how about you advocate that the speaker and my colleagues across the aisle actually run an act which is going to do something that's better than writing a strongly worded letter and actually have sanctions on CCP members that are overrunning Hong Kong.

So again, an hour a day could be better spent actually running bills to hold the CCP accountable.

Thank you and I yield back my time.

CASTRO: Thank you.

I now recognize Mr. Allred from Texas.

ALLRED: Thank you, Mr. Chairman.
And I want to thank the witnesses for appearing before us today and commend you for your incredible bravery.

And many Americans watched in awe as the people of Hong Kong took to the streets to protest the proposed extradition laws nearly a year ago, in just amazing numbers. And the bravery of the people of Hong Kong, I think it's an inspiration to people around the world.

The fight for democracy in Hong Kong is not just a fight for only Hongkongers; it's a fight for self-determination, human rights and the advancement of freedom around the world. And as the world’s oldest democracy we must, in a bipartisan way, not only stand with the people of Hong Kong but we must act.

And I agree with my colleague's statements about the legislation to offer safe harbor and refugee status to Hongkongers, and the need to not only sign our -- some of our bipartisan legislation but to issue sanctions against Chinese officials, while I recognize that they -- that may alone not be enough.

The point raised by Mr. Leung several times today, and by Professor Petersen, is one that I want to stress. The way to stand up to China is not through bluster and unilateral trade restrictions while asking for help with your reelection. The way to present -- the way to stand up to the Chinese is to present a united front of the international community and to engage in the diplomatic mechanisms in the U.N. and elsewhere to raise and legitimate issues with China.

The United States is the only country that can gather the world around these issues. And so, we have to lead.

These international treaties and mechanisms are only as strong as the U.S.'s commitment to them. When we withdraw, they don't go away. They're just simply used by the Chinese and others who don't believe in the expansion of democracy, and human rights, and the right of self-determination.

And as a member of this committee, and meeting for the first time after some pretty big revelations have been issued about this administration, I think we have to talk about the elephant in the room, which is that the president of the United States has been accused by his former national security advisor, John Bolton, of offering his support for concentration camps.

Concentration camps, this is such a departure from past U.S. presidents that I can't even really overstate how harmful this is to our status as a leader around the world in human rights. History books will write about this unspeakable breaking of the U.S. commitment to human rights.

Now, we have about two minutes left in my time. My only question to the witnesses is to offer you a chance to expound upon some of the things you've said today so that the people in my district in Texas and the American people can put a face, here in our democratically elected and empowered forum, to what's happening in Hong Kong.
And to ask you how you feel about this law that’s been put in place, this repressive law. And how you feel about what you are seeing and not seeing from the United States. And you can go in any order that -- that you want.

LEE: Yes, thank you, Congressman (ph).
First, I think everyone in Hong Kong, when they wake up every day they have to make decisions (ph) now, since (ph) after the law -- it was being (ph) passed.
What type of (ph) message they (ph) have put on Facebook (ph), should they come out to march and getting (ph) -- they may be arrested. Should I teach my children critical thinking, because -- you know, the Communist Party wanted to brainwash my children.
You know, these are the things that -- everyday life of the people of Hong Kong are now being threatened. And they are now living in fear of crossing the red line (ph) and so forth (ph). And I -- and for me (inaudible) approach (ph) as a political activist (ph), you know, we -- we are also putting ourself (ph) on the (inaudible).
But I think the people of Hong Kong, as (ph) mentioned, we are -- we are be martyr (ph). We will be -- tried to be innovative (ph) in our struggle and we will continue our fight. Thank you.
LEUNG: Thank you for the question. Well, I know the fact that I had to be forced to exile (ph) and leave my home places. And come to America, you know, to resume my graduate study.
I've met incredible colleagues who shared their story about their Iranian family, who fled from their country in the ’70s, a (ph) European country who are under Nazi rule. So it comfort (ph) me in the sense to know that U.S. story is actually composed of many people like me and other freedom fighters who actually have to be forced to leave their country.
So I hope the U.S. story will continue to inspire people and I hope that more Hong Kong people will be able to continue their struggle in this place or other countries.
CASTRO: OK, thank you.
Thank you, Mr. Allred.
I now go to Mr. Levin.
LEVIN: (OFF-MIKE) Thank you so much -- thank you so much, Mr. Chairman. You know, it feels to me like this is the most troubling time for human rights in China since 1989. And I was in Hong Kong in late May of 1989 in what was the biggest demonstration then in the history of Hong Kong, certainly the biggest I'd ever seen, and I was in Chengdu on June 4th, 1989 and witnessed the killing of demonstrators there in numbers that have never really been recorded properly by history.
Today, an estimated one million Uyghurs, Kazakhs, Kyrgyzs, Sui and other ethnic -- ethnic Muslim minorities are interned in Xinjiang, as Mr. Allred said, in concentration camps. The Tibetan people are denied basic human rights and the very existence of their culture is threatened and now the freedom of Hong Kongers hangs in the balance.

I wish I could say that the United States has been a champion for the rights of these peoples but as many of my colleagues have made clear here today, this administration has sent exactly the wrong signals and taken exactly the wrong steps in the case of Xinjiang, all -- and Hong Kong and others.

Professor Petersen, do you believe that the failure of the United States to be more forceful in its defense of human rights, earlier about Hong Kong, certainly about Xinjiang, has emboldened Xi Jinping?

PETERSEN: Thank you for the question. Yes, I do. I think that even though the naming and shaming process may not be a very coercive enforcement process, it is one process that can be effective, particularly if all the world's leaders get together and really name abuses of human rights publicly when they see them.

And if one very influential country, like the United States, does not participate actively in the international human rights monitoring system then we weaken it, so yes, I agree with that. Thank you.

LEVIN: Thank you. You know, last month the Washington Post published a piece by a Cornell professor named Allen Carlson titled "What's In Store For Hong Kong? Look At Tibet." Carlson writes "just as China has imposed more rather than less assimilationist policies, each time Tibetans protested Chinese misrule, Beijing has now set the table to adopt a much tougher response to Hong Kong's ongoing protest movement" and I'll say -- add a brave protest movement.

Professor Petersen, to what extent do you believe the cases of Tibet and Hong Kong are similar in this way?

PETERSEN: I think that there are some very important differences and one of the differences is that Hong Kong did have a very independent legal system and a lot of advantages to begin with and I think that's one of the reasons that many scholars of autonomy and the model of autonomy in international law thought that it could work in Hong Kong, because Hong Kong had the tradition of an independent legal profession and independent judiciary, a free press and had all of the advantages of being an international financial city.

LEVIN: Right.

PETERSEN: The fact -- the fact that it hasn't worked shows how it makes it all the more disappointing. I think it shows that the repression of the Chinese government is even more extreme than we thought, the fact that they could do this and get away with it so far, even in Hong Kong.
LEVIN: Yeah, well let me -- that seems so right but let me ask all of you -- I mean, I feel like a thread -- I've -- I've participated in this whole hearing and a thread throughout it is that the human rights of people anywhere are threatened when the human rights of people elsewhere are undermined.

The Chinese government has used advanced surveillance systems in Tibet, in Xinjiang and now really everywhere to undermine people's human rights. I feel like it's really a question of all the countries in the world coming together to make a renewed commitment to human rights. And without U.S. leadership, it's hard to see that happening. Thoughts from any of you?

LEE: (Inaudible) I think we need to put values about (inaudible). I -- I think (inaudible) around the world, you know, people (inaudible) talk to him about human rights and then sign a -- a -- agreement on, you know, trade and then be thinking, you know, go away very happy with the process, the money that he is (inaudible) but where's the human rights?

You know, he -- he don't -- he -- he will (inaudible) and we leave the world to really stick to values and not just looking for some money. I think that is very important.

LEVIN: Thank you. I guess my time's expired, Mr. Chairman, so I'll yield back. Thanks to our tremendous witnesses.


HOULAHAN: Thank you, Mr. Chair. Congress has consistently demonstrated bipartisan support for the people of Hong Kong and I'm fortunate enough to have been able to do a lot of work over in -- in Hong Kong and in Asia in general.

We've supported Hong Kong, the Uyghurs, the Tibetans and we've been up -- consistently interested in making sure Chinese officials are -- who are responsible for human rights violations are punished against these populations.

Despite this and many of the authorities in Congress have provided to the Trump administration to hold the Chinese individuals accountable, President Trump has failed to meaningfully act in support of human rights in China or really anywhere else.

John Bolton wrote in his memoir that President Trump did not want to get involved when millions in Hong Kong were taking to the streets last year. President Trump even praised Xi Jinping's handling of the situation. President Trump also reportedly held off on imposing sanctions against Chinese officials involved with the mass detention camps because in doing so, he would've interfered with his trade deal with Beijing.
My question to you all is what message does this send to the people of Hong Kong, to the Uyghurs, to the Tibetans, to those frankly fighting for democracy and rights everywhere? My second question is given Trump's transactional approach towards foreign policy, how can we ensure that Hong Kong does not become a pawn in the broader U.S.-China strategic competition? And I'll turn my question over to either of the -- the witnesses.

PETERSEN: Well I'll take a stab at that. It's -- it's a very difficult question and I don't think the people of Hong Kong deserve to be a political football or a strategic chip to be played. And so while I very much support any measure that will offer safe harbor to the people of Hong Kong and help to name and shame the human rights violations everywhere, I do think it's important that we have a stable foreign policy and that it -- one be based on multilateral actions and multilateral institutions. Thank you.

HOULAHAN: Do you all have anything else to add to that?

LEE: On the (inaudible), we have states in democracy, and I think any government that not really the principals, will be -- there will be a check and balance on the part of the legislator and also the people who are -- who I think is very important that the message of supporting Hong Kong human rights and peaceful democracy should not stay on just a level of the politicians and really go through the everyday life of the people of the United States.

And linking up union with union, I talked to the (inaudible) just yesterday night on the situation Hong Kong linking university to universities given unions succeed (ph). So, we need a really a people to people solidarity in order to make sure that all democracy in the world will listen to the people and be on the side of the freedom and democracy.

HOULAHAN: Thank you, I very much appreciate your time and your testimony, and I yield the balance of my time.

CASTRO: Thank you, Ms. Spanberger.

SPANBERGER: I'd like to begin by thanking every one of our witnesses today for speaking with us, particularly given the risks associated with publicly discussing these very sensitive matters. I stand with the people of Hong Kong and their huge -- their calls for human rights, democracy and autonomous rule.

During my time as a CIA case officer, I saw the impacts of tools that I consider to be part of the dictator's playbook. For example, it is common for authoritarian leaders to use the guise of national security and the flexibility of vague laws to repress opposition and deter democratic progress.

Ms. Petersen, how do you expect the Chinese Communist Party to take advantage of the lack of specificity in the new national security law for Hong Kong to curb freedom of expression and consolidate power?
PETESEN: Thank you. Well, that goes back to one of the points that I didn’t quite get to in my testimony, which is that there are a number of vague provisions in the new national security law. However, one of the provisions also says that the ICCPR, the international covenant on civil and political rights, shall continue to be respected and protected in Hong Kong, and that potentially should serve as a guide to interpreting vague clauses.

Unless there’s a direct contradiction, a vague clause should be interpreted so as to comply with the ICCPR, and the U.N. human rights committee has repeatedly held that national security cannot act as a basis to quash peaceful advocacy for multiparty democracy, constitutional change, etc.

But we don’t know whether the Hong Kong courts will be able to interpret the law because the law is silent on that fact, and we also know that the NPC standing committee, in any event, has the overriding power of interpretation. So it’s going to be difficult to know until we see actual cases that there’s real danger that the Chinese government will use these overly broad definitions to capture peaceful advocacy and prosecute people for peaceful advocacy. Thank you.

SPANBERGER: And in follow-up to the comments that you -- or the answer that you just gave, so then is it your assessment that it will be the Hong Kong officials who will have the power to interpret and implement the newly released national security law about how these authorities will actually affect Hong Kong’s autonomy?

PETESEN: It -- it really depends, first of all, on where the cases are tried. Carrie Lam, the chief executive, has said, and the law does say that the general rule should be that the Hong Kong SAR has jurisdiction.

That means tried in Hong Kong courts, and I have to say that Hong Kong judges, I believe, are by and large very independent and in general they have done a good job of enforcing the ICCPR and holding both the Hong Kong government and legislation accountable to that, so that if there is a big clause try to interpreted to comply with the ICCPR.

Now, the problem, however is, is that the law says the power of interpretation of this law rests with the NPC standing committee, which will issue legislative interpretations. It’s silent on whether the courts also get to interpret it. I know my colleagues and I have discussed this and we believe that the power of interpretation is inherent in Hong Kong judiciary's power of final adjudication, their inherent powers of statutory interpretation.

So I’m hopeful that the courts of Hong Kong will be able to interpret the law in the course of trying cases, but I can’t predict with any certainty because if the NPC standing committee decides it doesn’t want that to happen, it can issue an overriding interpretation, which the Hong Kong courts will have to follow, so I can’t give you a definite answer, I’m sorry.
SPANBERGER: No, I appreciate it. That's very helpful. While I am concerned, as are some of my colleagues, that the Trump administration has not been consistently firm in communicating and executing its policy towards China, I do commend the State Department for its very strong May 28th joint statement with the governments of Australia, Canada, and the United Kingdom in our clear opposition to Beijing imposing a national security law in Hong Kong.

Ms. Petersen, one more question for you, can you speak a little bit about how the United States can demonstrate continued leadership in multilateral settings that you believe would actually set a strong message -- send a strong message to Beijing and encourage the Chinese government to comply with its international obligations?

PETERSEN: Yes I can. Thank you for that question. First, I think the United States should ratify more multilateral human rights treaties. We've actually ratified fewer than China. That doesn't mean we have a worse human rights record, but it means we're not as active in the treaty monitoring bodies, so we're not as influential.

Secondly, we need to become active again in the U.N. human rights council rather than turning away from it because we might not like everything it does. We should become more active in that council. So I think participating in these multilateral efforts is very, very important and can give the United States more influence and more solidarity with other like-minded countries. Thank you.

SPANBERGER: Thank you very much and to all the witnesses who may be experiencing time differences to be with us here this morning, thank you so much. Mr. Chairman, I yield back.

CASTRO: Thank you, Ms. Spanberger. All right, well that concludes from members and I'll move to closing remarks now. I want to thank our witnesses for their insight and expertise, and I want to take a moment to acknowledge the Hong Kong American community here in the United States.

And although he's not at the witness stand today, I wanted to extend special thanks to Samuel Chu and the Hong Kong democracy council for their tireless advocacy, help and support for Hong Kong. To my colleagues, thank you for joining this important conversation. I'm glad that we can convene, in this case, across many time zones for videoconferencing to continue our committee's work in these challenging times. And with that, our hearing is adjourned today.

END

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Senate Banking, Housing, and Urban Affairs Committee hearing on Crisis in Hong Kong: A Review of U.S. Policy...sked FINAL

June 5, 2020 12:36PM ET

TRANSCRIPT

June 04, 2020

COMMITTEE HEARING

SEN. MICHAEL D. CRAPO, R-IDAHO

SENATE BANKING, HOUSING, AND URBAN AFFAIRS COMMITTEE HEARING ON CRISIS IN HONG KONG: A REVIEW OF U.S. POLICY TOOLS

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SENATE BANKING, HOUSING, AND URBAN AFFAIRS COMMITTEE HEARING ON CRISIS IN HONG KONG: A REVIEW OF U.S. POLICY TOOLS

JUNE 4, 2020

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MR. ERIC LORBER, SENIOR DIRECTOR, CENTER ON ECONOMIC AND
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MR. PETER HARRELL, ADJUNCT SENIOR FELLOW, CENTER FOR A NEW
AMERICAN SECURITY
DR. MICHAEL F. MARTIN, SPECIALIST IN ASIAN AFFAIRS, ASIA

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TOOMEY: This hearing will come to order. Today the Committee meets again for a remote hearing via video.

A few video conference reminders. To start speaking, there will be a slight delay before you are displayed on the screen. To minimize background noise, please click the Mute button until it is your turn to speak or ask questions. If there’s a technology issue, we’ll move to the next Senator until we resolve the issue.

The five-minute clock still applies. You should all have one box on your screen labeled “Clock” that will show how much time is remaining. And with 30 seconds remaining, I will try to remember to gently tap the gavel to remind Senators that their time has almost expired. And to simplify the speaking order process, we will simply go by seniority.

First, I want to thank the Chairman -- Chairman Crapo for scheduling this very important hearing. He cannot be with us at this time because he has another commitment on another Committee on which he serves. And so he asked me to fill in for him, and I’m pleased to do that.

I also want to take a moment to thank Senator Brown. Ranking Member Brown was very helpful in enabling us to put together especially this very, very impressive lineup of witnesses. And I’m grateful to Senator Brown for his cooperation.

The purpose of the hearing is to conduct oversight on the current U.S. policy to address the crisis in Hong Kong, the administration’s responses so far and what additional legal authorities and other tools Congress may consider providing to compliment that response.

Chinese Communist Party in Beijing has been waging an aggressive and systematic campaign that seems designed to eliminate the distinction between the freedoms enjoyed by the people of Hong Kong versus the absence of those freedoms on mainland China. Let’s be clear. The Chinese Communist Party wants to bring the people of Hong Kong to heel less mainlanders decide that they want some of those freedoms themselves.
For decades, Hong Kong has been an amazing place to live. I had the pleasure to live in Hong Kong for a year back in 1991. The people of Hong Kong are very special people. It's a very special place and -- largely because of the basic freedoms that the people of Hong Kong have enjoyed -- the freedom of assembly, a free press, freedom of speech and independent judiciary, a partially democratic electoral system of government. And because these freedoms have included economic freedom as well, in fact, Hong Kong is one of the freest economies in the world, Hong Kong has been one of the most prosperous societies on the planet that -- despite the fact that it's essentially a small rock in the water with no natural resources other than a harbor.

Now it seems that the Chinese Communist Party is undermining these freedoms. Over 8,000 protesters have been arrested for peacefully demonstrating since last year. Independent booksellers have been shut down, independent media outlets harassed, pro-democracy electoral candidates disqualified, intervention in Hong Kong school curriculum, and even the kidnapping of Hong Kong citizens.

It's chilling that today on the 31st anniversary of the Tiananmen Square Massacre, these offensive seem to be culminating in a new piece of legislation being imposed from the mainland onto Hong Kong, the so-called National Security bill that will make -- make it unlawful to have any dissent in Hong Kong. It was quite possible that thousands of peaceful protesters were killed in Tiananmen Square in 1989 on this day for one reason -- they were dissenting against the Chinese Communist Party's authoritarian rule and they were advocating for a representative government elected by its people.

The Chinese Communist Party’s national security legislation would destroy the "one country, two systems" arrangement that they had committed to. This legislation criminalizes, among other things, subversion that many people in Hong Kong believe will be used really to stifle dissent. Hong Kongers could face arbitrary arrest and long prison sentences really for speaking their minds, independent media voices shuttered, Beijing censorship and surveillance is likely to grow. And the causes for Hong Kong's financial and economic success could wither as some of the reasons that make Hong Kong such an attractive place to work and do business will erode with erosion of freedom and autonomy.

Chinese Communist Party's campaign should not be surprising. Principles such as freedom and transparency and a just rule of law are antithetical to the Communist Party's mission. Look at some of the other behavior that the Chinese Communist Party has engaged in -- treatment of Uyghurs in Xinjiang, aggression towards neighbors in the South China Sea, being dishonest to the world about the COVID pandemic, and the unbelievable effort to control the behavior of its own 1.3 billion citizens through the so-called "social credit system." They are tweaking and prodding people's behavior using an Orwellian system of advanced technology to surveil, censor, and punish and reward people.
All of this with respect to Hong Kong in spite of the Chinese Communist Party's obligation from the 1984 international treaty with the U.K., which was called the "Joint Declaration" that is registered at the United Nations. This treaty set out the Chinese Communist Party's obligation for when Hong Kong passed from the UK's control back to the Chinese governments, and it established that Hong Kong would have and, I quote, "a high degree of autonomy" and that its citizens would enjoy many of the basic rights and freedoms that we have in the United States. But now many fear that the Chinese Communist Party's Orwellian system on the mainland could be the future of Hong Kong.

I recently introduced with my colleague, Senator Van Hollen. I want to thank him for his leadership in this area. We introduced a bill that's designed to push back on the Chinese Communist Party's aggression and make those responsible think twice about continuing to quash on Hong Kongers' basic freedoms. It's called the Hong Kong Autonomy Act, and it targets entities that inhibit Hong Kongers' freedom of speech, press and assembly; independent judiciary; democratic processes and the high degree of autonomy that was promised to the people of Hong Kong.

Notably, the bill also penalizes the banks that choose to finance the erosion of Hong Kong's autonomy and put marginal profits ahead of basic human rights. This would be an unprecedented action towards the Chinese communist officials, and it is intended to create obstacles to that aggression and obstacles that the leadership in Beijing has not encountered before.

The bill has a tailored approach to sanctioning bad actors. There's a delayed on-ramp before sanctions become mandatory, and there's a clear off-ramp by which entities can avoid the sanctions.

There's bipartisan interest in getting legislation like this done as soon as possible. Chinese Communist Party must know that there are consequences to its actions. Otherwise, lesson that they will conclude is that they can continue the aggression against Hong Kong and perhaps in other places around the world.

Senator Brown, I recognize you for your opening statement.

BROWN: Thank you, Mr. Chairman. Thanks to you and to Chairman -- thank you, Senator Toomey and to Chairman Crapo and Senator Van Hollen for your work in putting together this hearing. I -- and (inaudible) , thank you for the work you do on the trade union movement. It's an international workers movement and you -- you fit that bill, and thank you for the work you've done.

At our hearing earlier this week, a number of us said this Committee must show Americans that we are on their side, that we see our black and brown fellow citizens, that we hear them, that their lives matter, that we're going to fight for change. Today's hearing cannot be an immediate return to old habits. We're going to hear a lot of rightful condemnation of China's repression today. God knows they deserve it.
But Monday night, the President of the United States ordered tear gas and rubber bullets to be used on peaceful protesters. He didn't use the arm of the -- of the state to stop violence. Again, these were peaceful protesters demanding justice for their fellow Americans. Know the President used it to stage a photo op in front of a church.

All of us in this Committee stand with protesters in Hong Kong who just want a voice in their government to exercise fundamental democratic rights. I hope my colleagues will also stand with the millions of our black and brown fellow Americans who essentially want the same thing. It will also allow us to set a better example for the world. I think everyone on this Committee wants the U.S. to be a global leader, a beacon of democracy to oppress the people everywhere who long for freedom.

The President of the United States is making that harder. You can bet authoritarian governments around the world, especially in Moscow and in Beijing. You're loud and clear the President's message is stoking doubts about our elections, about suppressing voters, about inciting violence. They will use our President's words and our President's actions to justify their own brutality in Beijing and Moscow.

Today's hearing falls on the 31st -- as Chairman Toomey said, falls on the 31st anniversary of Tiananmen Square. It's a good opportunity for us to recommit ourselves to human rights everywhere in Tiananmen Square and in Lafayette Square alike.

When the United -- when the United Kingdom handed Hong Kong back to China in 1997, China promised the people of Hong Kong that they would enjoy certain freedoms, including the right to elect their leaders. Those guarantees have ensured Hong Kong stability and prosperity. China's new security law remix on that promise and on its international obligations. Beijing's actions are solved on the city's autonomy, the rule of law and fundamental freedoms guaranteed by the basic law in the 1977 Sino-British declaration.

China's leaders seem determined to impose this draconian law, an assault on Hong Kong's democratic activist, on human rights activists, on journalists and others, on Trumpeled-up charges of sedition and national security violations will follow. The U.S. must stand with the people of Hong Kong. If China allows a new security law to go into effect, the U.S. and its allies must respond by making clear the long-term cost of China of encroaching on Hong Kong's sovereignty, and that Beijing's, shall we say Kafkaesque definitions of secession, sedition and foreign interference are too vague and too malleable to be used for legal terms on a modern state. China's authoritarianism and repression have mounded against its own people, in Hong Kong and Tibet against the Uyghurs and others.
President Trump leads China's leaders to believe they can tighten their grip on their own people and our President -- the President of the United States will continue up the other way. His opposition to the Hong Kong Human Rights and Democracy Act is silence on human rights violations, his persistent praise for President Xi Jinping, his reluctance to challenge Chinese leaders for fear of putting his trade deal at risk, it all sends a pretty clear message -- China, you're free to do whatever you want to repress on people as long as I, the President of the United States, get my photo ops.

Mr. Chairman, but I'm sensing a pattern. Six years ago, Representative Chris Smith, a New Jersey Republican, and I -- who have been co-chairs of the Congressional Executive China Commission -- introduced legislation to require the certification Secretary Pompeo made last week. If Hong Kong were no longer sufficiently autonomous, it should no longer enjoy its special status under U.S. law, period. This certification (ph) in the President's following announcement last week to begin a process to limit Hong Kong special status were a start, even though tentative, partial, hesitant and long overdue.

They at least begin -- the President begins to acknowledge the Hong Kong security law puts the "one country, two systems" framework and the people of Hong Kong at serious risk. We need a broad new long-term bipartisan strategy in China, but there also other steps we must take in the urgent short-term. While I would support effective calibrated additions to our President sanctions arsenal, an approach that narrowly focuses on U.S. on unilateral U.S. sanctions, including new mandatory secondary sanctions on large foreign banks may be ineffective and had unintended consequences harmful to our strategic interest. We also know that the time necessary to craft target a new legislation could delay the administration from taking forceful action now using powerful tools Congress has provided.

This include the 2019 Hong Kong Human Rights Act, the Global Magnitsky law, most importantly, broad authorities contained in the International Emergency Economic Powers Act. President Trump could use these authorities tomorrow. He should have made it clear months ago he would use them to respond to action against Hong Kong. Congress should press the White House to do its job with a comprehensive and multilateral approach.

In a time when the President has turned his back on the world to withdraw from the World Health Organization in the midst of a pandemic, being just the latest example, we must step in and fill that leadership void created by the absence of our chief executive. We must draw our British, European and Asian allies into a long-term strategy using robust economic, financial and diplomatic trade and other tools to make clear to Chinese leaders that violating their agreements on Hong Kong will implicate China's strategic relationships not just with us -- with the U.S., with other world powers. We should incorporate that robust aid to democracy and human rights advocates, journalists, civil society organizations and others who are committed to preserving Hong Kong's freedoms.
Finally, we have to make clear that China will pay a real economic price for enforcing this repressive new law. That could include changes in tariff treatment, in export controls, in trade finance and immigration, the entire range of benefits China now enjoys through Hong Kong’s unique position as a financial center and a gateway to the West.

China makes it clear through its economic espionage, its aggressive military posture, its abuse of our export controls, its cheating on international trade rules, it puts American workers out of jobs. China makes it clear that it sees itself more as an adversary than a partner of the West. Well -- well -- well, an adversary of workers in the West. We know that China has no problem with Western CEOs.

We must confront China’s abuses that its breach of its commitments to maintain Hong Kong’s autonomy directly. We must confront it directly on this Committee.

I welcome our witnesses. I look forward to hearing their ideas on how best to do that. Thank you all.

TOOMEY: Thank you, Senator Brown. I’m going to introduce our witnesses now. We’re going to be -- and I’ll introduce all of them, then I will recognize them sequentially before we begin with questions.

Our first witness for today will be Dr. Michael Martin. Dr. Martin is a specialist in Asian Affairs for the Congressional Research Service of the Library of Congress, providing Congress with political and economic analysis of Burma, China, Hong Kong and Southeast Asia. From 1994 to 1998, he was the Assistant Chief Economist for the Hong Kong Trade Development Council. Prior to his time with the Hong Kong Trade Development Council, Dr. Martin taught at Hong Kong Baptist University, Doshisha University in Kyoto, Japan; Colby College and Tufts University.

Next we will turn to sanctions experts who are now in the private sector. Mr. Harrell, formerly with the State Department and now our Senior Fellow at the Center for New American Security will give us his statement. And then we will hear from Mr. Eric Lorber, formerly with the Treasury Department and now a Senior Director at the Center of Economic and Financial Power at the Foundation for Defense of Democracies.

Finally, we will conclude with Mr. Lee Cheuk Yan. Mr. Lee, in fact, is joining us from Hong Kong where he’s testifying on behalf of the Hong Kong Labour Party. And he joins us literally moments after participating in a vigil in Hong Kong commemorating the victims of the Tiananmen Square Massacre 31 years ago.

Mr. Lee, we thank you for your testimony and your perspective as a Hong Konger on what is going on today.

Thanks to all of you for your written testimony. It’s very helpful to us. They’ll be made part of the record.

I ask our witnesses to honor and remember the five-minute rule for your oral testimony so that each Senator has an opportunity to ask your -- to ask you questions. And I also would like to remind the Senators that we, too, have a five-minute rule, which I hope to stick to very closely.
With that, Dr. Martin, please begin with your statement.

MARTIN: Thank you, Chairman Toomey, Ranking Member Brown and the other Members of the Committee. It's an honor and a privilege to testify at today's hearing.

Before I begin in -- in the details of my oral statement, I ask that the document that I submitted previously to the Committee be included in the record, as well as to be permitted the opportunity submitting more detailed written statement subsequent to this hearing.

TOOMEY: Without objection.

MARTIN: OK. In addition, CRS submitted a In Focus, a two-page report about the recent NPC decision, and I ask that that also be included in the record.

TOOMEY: Without objection.

MARTIN: OK. Thank you very much. With the remainder of my time, I would like to augment some of the materials that I've already submitted that are now part of the record. And in particular, I want to point out that in my statement that I submitted, I mentioned crises in Hong Kong because in my assessment, there are multiple crises in Hong Kong. In my statement, I spoke primarily about the political crises that I see, as well as the economic crises that are going on in Hong Kong. But I also see two other important crises this Committee might want to consider.

First, there's a cultural crisis going on in Hong Kong in many different ways, which I can discuss later. Tanya Chan, a musician really cannot find job right now in Hong Kong because there -- she's been blacklisted because of her political activities.

In addition, I believe there's an existential crisis going on in Hong Kong. The -- the very nature of Hong Kong is at risk and many people in Hong Kong, including my fellow witness, Mr. Lee, see what's going on in Hong Kong as threatening the very nature of Hong Kong to its very core. And so I want to just augment that the crises that I referred to are multi-faceted. And I'll be happy to discuss it more later.

What I would like to also talk about now is what can be done. And as Senator Brown already enumerated, there is an existing law, a lot of possibilities for the administration to take action in various forms and we can discuss those in greater detail, as well as there's been legislation recently passed by Congress, including the Hong Kong Human Rights and Democracy Act that provide the executive branch with additional ways and means by which they could take action.

There's pending legislation that we can discuss including Senator Toomey, a bill that you co-sponsored, that attempts to address those issues. And I suspect that there will be other legislation introduced that will try to find other ways of addressing these crises.
What I would present before the Committee right now is what are your goals, what are your intentions, what do you hope to accomplish. You already mentioned the concept or the idea of somehow taking action against the Chinese Communist Party or the People's Republic of China. From what I can see, the People's Republic of China -- with the support of the Hong Kong SAR government and Chief Executive Carrie Lam -- are fully committed to the course of action they have underway. And it is unclear to me what actions, if any, will dissuade them from their current past. I'm not saying it is without any hope, but we should be realistic about what will change their attitudes, what will alter their behavior.

In addition, there are the people of Hong Kong to think about. And let me be rather open here. Mr. Lee - - Martin Lee who, you know, Joshua Wong who you probably have all met or many of you have met, if they wish to leave Hong Kong, they probably have options on how they can leave Hong Kong. However, what I think about for the many protesters on the street every day or many days who have no such options, they probably cannot get access to other countries as readily as Mr. Lee. So you might want to think about vehicles or mechanisms if you wish to assist them.

I would add another group that may not be thought of. As Hong Kong continues to change, among the 7.5 million Hong Kongers, there may be many who just simply do not want to live under such an autocratic government, so you may also wish to consider legislation to address how to deal with them.

I see I am out of time and I am happy to comment and respond to other issues and answer any questions that may be asked, too.

TOOMEY: Thank you, Dr. Martin.

Next, Mr. Harrell, you are recognized.

HARRELL: Senator Toomey and Honorable Members of the Committee, it's an honor for me to testify to you today. Like Dr. Martin, I've submitted a longer written statement for the record. I believe the four principles should guide the U.S. response to the crisis in Hong Kong.

First, hold China to account while mitigating costs to the people of Hong Kong.

Second, as Dr. Martin suggested, we need to think of a response to Hong Kong within the context of an American broader strategy towards China.

Third, we should use the full range of American tools.

And finally, we need to galvanize a global coalition and live up to our own values here at home.

Let me know briefly address three specific areas of U.S. policy, treating Hong Kong more like China under U.S. law, holding China to account in ways of advanced overall strategy and building a global diplomatic coalition.
U.S. law treats Hong Kong differently from China in many respects. There’s a legitimate debate about whether broad measures to align Hong Kong’s treatment under U.S. law with China will pressure Beijing or whether such measures will fundamentally impose costs on the people of Hong Kong without impacting Beijing’s decisions.

I fundamentally believe that U.S. law cannot and should not indefinitely treat Hong Kong separately if Beijing does not treat the city as autonomous. But as the U.S. aligns policy, we must take care to mitigate harm to the people of Hong Kong. I recommend several immediate steps.

Last year, Congress prohibited the export of crime control equipment to Hong Kong for 12 months. It’s time to make that ban permanent. We should also impose export controls and surveillance technologies that can be used to monitor citizens online and in person.

After China enacts the planned new national security law, I recommend a much broader range of steps that the U.S. should take to align Hong Kong’s treatment with China under U.S. law and it’s spelled out a number of those specific steps in my written submission. But we also need to be careful to avoid taking steps that contribute to China’s own objectives in ways it would actually incur and enable China to do things like move the financial center currently in Hong Kong on the mainland China, a long-term Chinese goal.

I also recommend diplomatic steps. Inviting Mr. Lee to testify today is an example of how the U.S. can highlight the pro-democracy movement. And like Dr. Martin, I would urge this Committee to consider granting visas to the citizens of Hong Kong who do not wish to live under Chinese authoritarian rule.

The secondary of U.S. policy response is measures that fit into America’s emerging strategy towards China. Several members of this Committee, including Chairman Toomey and Senator Van Hollen, have introduced legislation to impose more sanctions over China’s erosion of Hong Kong’s autonomy. Targeted sanctions on Chinese officials involved in repression and on companies that facilitate Chinese repression are a valuable step, but we must also think more broadly about a response that fits within our larger strategy.

We should join with allies to launch a comprehensive campaign to push back on Chinese subversion of democratic rules and corruption. We need to increase our efforts to press back on China’s surveillance agenda, both within China and globally. And we need to take steps to secure our own country against malign influence.

I urge the Senate to consider legislation that would launch a comprehensive national supply chain security review to identify supply chain vulnerabilities in the U.S. and close them. I also urge the Senate to consider beneficial ownership legislation supported by many members of this Committee to ensure that the Chinese government cannot set-up secret shell companies in the United States and use them to pursue its objectives.
Finally, we need to galvanize a global coalition to counter China’s illiberalism. Yet over the past year, many allies have cracked on China’s unfair economic practices, but too many continue to downplay China’s abuses of democratic rights. We need to galvanize our allies to speak out and act through sanctions, as well as in multilateral forums, such as the G7, against China’s repression.

But to be frank, to galvanize a global coalition, we must live our values at home. In recent days, protests from London to Auckland have been focused on developments here in the U.S., not Hong Kong. Police abuses of unarmed men and women and U.S. security forces using riot control equipment to disperse peaceful protesters and to block access to national memorials undercuts U.S. leadership. While governors and mayors must keep the peace, the world is watching our response. By failing to live up to our ideals, we make the world less just, less safe and less free.

In closing, let me mention the Tiananmen Square Massacre 31 years ago. It was a major setback for the cause of democracy. If the photo of anonymous protesters staring down a line of tanks remains inspiration to people everywhere, and in the 1990’s and the early 2000’s we saw a surge of democracy around the world. The last decade has seen a reversal of that earlier democratic trend, both in China and globally. Yet I hope that a strong smart response to China’s erosion of democracy in Hong Kong can help turn the tide and promote a new democratic renewal.

Thank you and I look forward to your questions.

TOOMEY: Thank you, Mr. Harrell.

Mr. Lorber, you are recognized for five minutes.

LORBER: Thank you. Senator Toomey, Ranking Member Brown and distinguished Members of the Senate Committee on Banking, Housing and Urban Affairs, I’m honored to appear before you today to discuss the crisis in Hong Kong and review U.S. policy tools.

This is a precarious moment for the people of Hong Kong, and United States has an important role to play in supporting them in the face of efforts by the Chinese Communist Party to undermine their freedoms. Economic sanctions can be an impactful part of a comprehensive U.S. effort to support the peaceful pro-democracy forces in the city. However, we need to have realistic expectations about their effectiveness. Sanctions will be unlikely to restore many of the freedoms that the CCP has taken away from the people of Hong Kong.

Our objectives towards Hong Kong should be three-fold. First, our primary objective should be deterring the CCP and local authorities from further cracking down on the pro-democracy citizens of Hong Kong.

Second, we should ensure that any action we take does not further push Hong Kong into Beijing’s control.
And third, we should work to target the economic impact of these actions so that we do not harm legitimate businesses, including U.S. companies and financial institutions operating in Hong Kong. Achieving these objectives will be challenging. Congress and the administration must carefully calibrate economic pressure on Beijing to do so. Too much pressure could further isolate Hong Kong from global markets, hurting Hong Kongers and causing U.S. and other foreign companies to downsize their exposure or even leave the jurisdiction all together. This would have an outsized impact on the financial health of U.S. businesses and could lead to significant fallout in financial markets. It could also lead to a damaging response from Beijing. However, too little pressure may not move the needle enough. A weak response could signal to Beijing that it has the green light to increase its aggression, crack down the pro-democracy movement and further erode the freedoms enjoyed by those in Hong Kong.

The Hong Kong Autonomy Act introduced by Senators Toomey and Van Hollen is a good step towards balancing these considerations and achieving these objectives. As I discussed in my written testimony, the legislation is designed to pressure the CCP and entities contributing to the undermining of rights in Hong Kong. It is structured to deter these entities from continuing to support this assault on the people of Hong Kong.

I believe there are a number of additional modifications to the legislation that would make it even more effective, increasing its impact while limiting downside risk. This includes narrowing the secondary sanctions component, as well as providing the administration and any administration sufficient flexibility to ensure that this pressure does not cause unintended market impacts, significant escalation or real damage to businesses and international financial markets.

We should be clear that risks exist with this approach. China would be likely to respond and could take such steps as counter-sanctions, adding U.S. companies to the unreliable entities list or threatening to renege on its commitment under phase one of the trade deal.

Economic sanctions are not a panacea for countering China's aggression in Hong Kong. We must temper our expectations for what they can achieve and consider the risks of their use. Nevertheless, a carefully calibrated and flexible sanctions program designed to deter future Chinese encroachment as part of a broader strategy that includes aggressive diplomatic pushback on China's intervention, close coordination with allies such as the United Kingdom concerned about the Chinese measures, and supporting the peaceful democratic forces in Hong Kong can increase the chances of ensuring that this democracy under siege is not completely subsumed by the mainland.

Thank you and I look forward to your questions.

TOOMEY: Thank you very much, Mr. Lorber.

At this time, Mr. Lee, you are recognized for five minutes.
LEE: Thank you, Chairman Toomey, Ranking Member Brown and all the Members of the Committee and other honorable panel members. Thank you for your invitation to me to speak to this Committee at this very, very critical moment of Hong Kong. I also want to express our appreciation for the full Senate and Congress for concerns and action on supporting Hong Kong.

I'm Lee Cheuk Yan, General Secretary of the Hong Kong Confederation of Trade Unions. I was also a former elected member of the Legislative Council of Hong Kong and the founding advisory member of Hong Kong Democracy Council.

I'm also the Chairman of Hong Kong Alliance in Support of Patriotic Democratic Movements in China, the alliance of people united in Hong Kong formed in '89 to support the democracy movement in China necessarily ended by brutal and bloody suppression by the Chinese Communist Party.

Today actually is the 31st anniversary of the June 4th massacre, and the Hong Kong Alliance have persistently actually organized the vigil for over 30 years. But this year, it was banned by the police and in the name of the public health.

It has always been recognized by the people of Hong Kong that the annual candlelight vigil symbolize that -- that Hong Kong still enjoy the freedom under "one country, two systems." So the Hong Kong government is telling the world that Hong Kong is now under "one country, one system" by bending the vigil. This is no surprise when we all witnessed the suppression over the last year with police brutality, massive arrest and banning of rallies and marches that had been going on in Hong Kong. So tonight, the banning of candle vigil is no surprise. But still people attended with massive number to light a candle in commemoration.

The Chinese Communist Party jailed the Nobel Peace Prize Laureate Liu Xiaobo, 11 years, for just advocating democracy and constitution reform, and -- and that he was, you know, criminalized and said that he incite the subversion of the state. Four people were jailed for three years for brewing and selling Remember June 4th wine and under the charge of subversion.

Pastor Wang Yi was sent to nine-year prison for inciting subversion of state power just for standing up for religious freedom.

The CCP defined subversion or other national security crimes in accordance to their own political needs and not the law. The law is only an instrument of suppression for them. And, for example, when it comes to Hong Kong, you know, a question is always asked, can the Hong Kong Alliance shout the slogan of any one-party rule, which we have been doing that for over 31 years or do people of Hong Kong shouted for the downfall of Hong Kong chief executive? Are these acts of -- called subversion?
There's some -- some suggestions from some old NPC members that actually a one-party rule maybe caught by law. And so you can see that the guillotine can strike down anytime they believe political necessary. The other crime of foreign intervention can be subject to also very, very broad interpretation. For example, is my presence and testimony at this hearing today a crime of foreign intervention? Can Hong Kong civil society contact their international counterpart without being accused of foreign intervention?

No, we know -- do not know the final word in the law or how -- how the court will interpret the law, it is very difficult to imagine the Court of departing from the political decision of the CCP on all national security cases. I do not think there will be any independence of judiciary in all these national security cases.

And I -- I -- I -- and a horrifying aspect is that they are going to set-up a national security agency in Hong Kong. Is that going to sort of, you know, spy on the people of Hong Kong? So it's very sad that, you know, to announce to the world Hong Kong is now "one country, one system." The rule of law now is being turned to become ruled by law and rule of fear. We can win against this fear by believing in the people of Hong Kong that we will continue our fight for democracy.

Last year, the U.S. Congress overwhelmingly passed the bipartisan Hong Kong Human Rights and Democracy Act. And per the law, the Secretary of State certified last year -- last week that Hong Kong no longer enjoys meaningful and sufficient autonomy from China to warrant the special relationship it has enjoyed. I think this is very important that the administration and Congress work together in appropriate response.

I believe it would be deeply irrational for President Xi Jinping to strike at Hong Kong. By burning Hong Kong, he will also burn China with it because Hong Kong is still economically useful to China. And I would tell, you know, the friends here that we, Hong Konger, will fight on.

Thank you.

TOOMEY: Thank you very much, Mr. Lee.

I will recognize myself for the first round of questions. And before I pose my first question, I do want to very briefly follow-up on a point that Dr. Martin made, observing the fact most of the brave people of Hong Kong who have protested for their own freedom have very limited choices. I noted very favorably the decision by the U.K. government to move in the direction of allowing significant numbers of Hong Kong residents to move to the U.K.

I would be very interested in pursuing policy changes here in the United States that would make such an option available to the people of Hong Kong to come to America. It would be wonderful for the people of Hong Kong. It would also be wonderful for America if people pursued that should it come to that.
My first question is to Mr. Lee. I -- I can't help but go to the question of the vigil that you just participated in. My understanding is that you personally are out on bail. I'm concerned frankly about the personal risks that you and others have taken. Everyone on the streets tonight in Hong Kong were taking great personal risk. What was it like to be part of that? How is it different from previous vigils? What is the mood of the people who are participating in the commemoration?

LEE: There's a tension before the candlelight vigil. What the police will do to us when we enter the Victoria Park? Will we be arrested?

And as -- and today what happened is they -- you know, they have all these loud speakers warning us that if you go into Victoria Park, you know, this is unauthorized assembly and you also would be caught by the ban of gathering regulation of the pandemic. You know, they (inaudible) people with all these scary threat about, you know, breach of the law. But the whole Hong Kong, everyone come out to light a candle, so I -- I think because the number of people that are attending know police today do not take any action.

But the problem with Hong Kong now is they -- they have a formula and so such -- sort of, you know, banning the -- the marches and the assembly. And then anyone that come out, you'll have to take your own personal risk and responsibility. For example, I was under, you know, six charges for three incidents, and the charges include incitement of -- to get people to join unauthorized assembly, organize and participate unauthorized assembly. So in three incidents already, I -- I was charged.

And this -- today -- tonight, we may -- I may be charged for the fourth incident. So, in a way, now is very different time than the past. In the past, we were few -- oh, we will be secure to pursuit (ph) peaceful marches and also to exercise our freedom of assembly.

But now is a different ball game. You know, you -- they will try to ban all marches, and then when you come out to march, then they will arrest you. So I think, you know, Hong Kong people now have to face the fact that, you know, you'll take a person (inaudible) to making a stand in Hong Kong. And so I don't know what will happen to me because of my role in tonight's candlelight vigil. But I -- I would only say that, you know, I'm ready to face the consequence.

TOOMEY: That's extraordinary personal courage, Mr. Lee. Let me ask you this. When the National Security legislation, as it's called, is fully implemented, how is that going to affect people's freedom of speech, and press and assembly? What -- you know, how is that going to change things when that's fully implemented?

LEE: The National Security Act, firstly, I have to point out this is made in China. You know, totally it's so absurd than today Carrie Lam tell the world -- tell the people of Hong Kong that they are going to rush the -- the legislation. And one thing that she said is there will be consultation. And where are the consultations? Laughingly, it is in Beijing in (inaudible), not in Hong Kong.
Why not in Hong Kong? They said that this is a national law, but that's -- that's no so-called national law. It's going to be implemented in Hong Kong. And so we can see how frustrated we are when we look at this administration in Hong Kong, when they can, you know, tell the people of Hong Kong that no consultation at all about the law in Hong Kong.

And the second question that -- the second answer I wanted to make is that, you know, how it impacted on Hong Kong. You know, we -- firstly, as the Hong Kong Alliance hold -- organize a candlelight vigil every year, we do not know whether we can hold a similar vigil next year. I think we will get banned from doing that. And we are even worried that our organization calling for democracy in China will be seen as subversion then banned totally in Hong Kong. So we do not know how many organization in Hong Kong they will ban, how many people they will arrest for, you know, subversion.

And one thing that we are very much worried about, I think all of you know -- may know that we will be having a legislative council election in September, so this is a very important election. And because the people of Hong Kong are behind a full democracy group, so we may win more seats than the past. But then with the national security law, they have one -- we are worried that they have one more instrument or one more tools to, you know, play around with the election is that they may disqualify a candidate.

So they may ask candidate, you know, imagine, do you support the national security law? You say, "No, I don't support it," then disqualified. So they are -- they really playing very, very dirty tricks.

And the other thing that I'm worried about, how about the press? And the press report of some of the activities that they are labeled subversion (inaudible) the journalists or the -- the media (inaudible) also ban, so it would really, you know, come into the way of life in Hong Kong destroying, you know, many aspects of the freedom that we have enjoined in the past and we may not have that in the future. And we will have to live in fear. And I don't think this is very -- you know, we are very sad that this is happening to Hong Kong.

TOOMEY: Thank you, Mr. Lee.

Senator Brown?

BROWN: Thank you, Chairman Toomey. I'll just start with Mr. Harrell I could please.

I -- as I noted in my opening statement, the President has pulled his punches with China on human rights on Hong Kong by praising Xi Jinping on the COVID crisis early, as you remember, to protect his partial trade agreement. Do you think it might have stayed the hand of China's leaders if the President had been more clear and concise, and emphatic, and forceful about the potential consequences of China opposing this new security law in Hong Kong?
HARRELL: Thank you, Senator Brown. My short answer to that question is yes. I think over the last several years we have seen the U.S. justifiably and rightly begin to get much tougher with China over an entire range of trade abuses, whether it is unfair subsidies or intellectual property theft. But we have -- as a country I fear -- taken a much wider hand with respect to Chinese abuses of human rights and democracy. And I think this has sent a message to China that as long as it gives the United States a couple of the things President Trump wants on the trade front with this phase one trade deal, it will have a fairly freehand with respect to cracking down on human rights and democracy, whether in Hong Kong or in mainland China, in Xinjiang (sic) and other areas.

I commend the Congress for the steps Congress has taken to create new sanctions around human rights and -- and other steps, but I think there is no substitute for presidential leadership on issues of freedom and democracy. And I fear that we have sent the wrong message to China on those year -- on those issues over the last several years.

BROWN: Thanks, Mr. Harrell. This question is for both -- next question is both for you and Mr. Lorber. Some have argued we -- we should respond to China's imposition of the new security law by revoking its special status because Beijing will effectively gotten its autonomy and transform Hong Kong into just another Chinese city. There's no -- the other side that revoking Hong Kong special economic status completely will hurt the people of Hong Kong and drive it further into China's Chinese arms. Which -- which of those do you think is more correct? And what do you think of Hong Kong under a new security law assuming it's strongly enforced would actually look like?

Start with Mr. Harrell and be brief if you could. And Mr. Lorber, too, if you could be brief. Thank you.

HARRELL: I'll be brief. I've submitted some detailed comments on this question on my written submission. My short answer is that I think if -- if China will not treat Hong Kong as autonomous, we cannot either. I think we should take steps to align customs treatment, export controls treatment, CFIUS treatment and other areas of law if China will not treat Hong Kong autonomously.

I do think we should think carefully about how to mitigate the impacts on the people of Hong Kong, you know, differentials on visa policy and things like that, I think, continue to make sense. And I'm realistic our measures will have some costs on Hong Kong, but it is a moral matter and is a message of -- of signaling to Beijing, I think, we cannot keep the treatment unequal when China has asserted one country, one rule in -- in Hong Kong.

BROWN: Thank you. Mr. Lorber, your comments, your thoughts on that question?

LORBER: Thank you, Senator Brown. I agree with -- with Mr. Harrell on this. I think that there's a fine balance to be struck here between those two competing sides. And I think that, you know, once the announcement was made by the -- (inaudible) was made by Secretary Pompeo and the announcement was made by the President last Friday, the administration now has various levers it can adjust to sort of strike what that proper balance is.
So, for example, I think it would make sense to revisit the extradition treaty with Hong Kong if the National Security law is put in place. The same thing with the export control, restrictions apply differentially between Hong Kong and China. But I think there are other potential measures that may -- may -- may be too onerous or sort of too problematic to -- to revisit in a serious way, including financial relationships, for example, between -- between the Federal Reserve and -- and the Hong Kong Monetary Authority and other entities over there that could have serious long-term and -- and really potentially problematic financial impacts on Hong Kong.

BROWN: Thank you, Mr. Lorber.

Mr. Martin, as an economist who's lived in Hong Kong and knows the terrain, I enjoyed overhearing your conversation you had with your -- with the other panels before, just the informal time you'd lived in Hong Kong. What do you think of the actual long-term economic effect of withdrawing Hong Kong special status under U.S. law assuming major trade, finance, export control and immigration benefits are eventually withdrawn by the U.S. in response to the security law? What will be the actual long-term economic effect on if you want to bring in U.S. economic effect, too, but especially on Hong Kong?

MARTIN: OK, I will try to be brief as possible. First, I would start off by pointing out that if you look at the provisions of the U.S.-Hong Kong Policy Act, and I admit I am not a lawyer, the President is supposed to -- if he uses that autonomy -- implement such by indicating the aspect of Hong Kong that is no longer sufficiently autonomous who wants a special treatment in U.S. law. So there appears to be a tie between the President's determination in which -- which aspect of U.S. relations to Hong Kong is suspending, and that's supposed to be done by an executive order.

To the core of your question, it really depends a lot on how both the Hong Kong and the international business community responds to the new effective business cultural and financial environment in which they operate. So for large Hong Kong companies, they have options. For the members of Amgen (ph) Hong Kong and U.S. companies -- bigger ones -- they have options. They can relocate. Singapore would be a logical alternative to Hong Kong for a regional economic hub. So there are alternatives out there that they could take. Hong Kong's economy will start hollowing out. It will economically slowly transform into any other Hong Kong or any other mainland city in the end.

The people I'm particularly concerned about are based on my time at the Hong Kong Trade Development Council, actually the people who provide the greatest economic dynamic quality to Hong Kong. Small and medium-sized Hong Kong entrepreneurs, U.S. entrepreneurs who may not have an alternative one where else they can go. And they will see as in my testimony points out (inaudible) their economic status, their -- their prosperity diminish. And Hong Kong will become increasingly more bifurcated with a few elite wealthy who is closely tied to the leadership in Beijing and an increasingly large percentage of the population who are low income, low wealth, really without much economic opportunity.
BROWN: Thank you, Mr. Martin.

Mr. Chairman, thank you.

TOOMEY: Thank you. Is Senator Moran on the call? Senator Moran?

OK, if not, then we will go to Senator Reed.

REED: Thank you, Mr. Chairman. Thank you very much, Gentlemen, for your very insightful testimony.

Mr. Harrell, I want to go back to the point you raised about beneficial ownership, how critical it is to identify the interest that China has. Here in the United States, we could take our favorite action against those. Can you elaborate a little bit on that point?

HARRELL: Thank you, Senator Reed, for the opportunity to comment on that. As many members of this Committee know, there has been a lot of discussion in Washington over the last couple of years about how the U.S. can crack down on the ability of individuals and companies and indeed foreign governments to set-up anonymous shell companies here in the United States, which they can then use to launder their wealth, which they can then use as fronts for other nefarious activities.

As you know, a number of members of this Committee, as well as bipartisan group over in the House, has been working for the last a year or two now on beneficial ownership legislation that would require a disclosure of who actually owns companies in the United States to the U.S. Treasury Department. And I think that adopting that legislation on beneficial ownership would really help secure the United States against a range of malign activities including, but not limited to folks in China who want to launder their money into the United States and engage in malign activities here.

REED: Well, thank you very much, Mr. Harrell. Just -- I'm one of those few who have been promoting the legislation. In addition with respect to the National Defense Act, we have language that requires defense companies to begin to survey their suppliers to determine the beneficial ownership (inaudible) the National Security ground.

But one of the final question to this, even though legislation would be absolutely in order, my sense is the SEC could order public companies today to disclose the beneficial ownership of their shareholders. Is that your sense, too?

HARRELL: Can you hear me?

REED: Now.

HARRELL: (Inaudible) on SEC laws, so I do not want to comment in detail. I do think there are steps the SEC can and should take to improve disclosure on public companies, which would be valuable. But I believe even more important is the beneficial ownership legislation that, Senator, you as a supporter know would also get at the very opaque private companies that exists in many states in this country.
REED: All right, a thought I concur. Let me just -- a final question, Mr. Harrell, that the efficacy of unilateral sanctions does not appear to be particularly compelling. So you might want to comment on the fact that we have to have more than a unilateral U.S. response. And the flipside of that perhaps is there are countries that may very well take advantage of the situation if we impose significant economic restrictions on Hong Kong, they could rush in. Can you comment on both of those aspects, the -- the -- the less than significant impact of unilateral sanctions together with (inaudible) of opportunities for others to exploit are (inaudible)?

HARRELL: I think particularly when we are talking about unilateral sanctions on a very large country like China, they're just not going to be nearly as effective as multilateral sanctions. You know, what we've seen over the last couple of years when you talk about an Iran or a Venezuela, a pretty small economy, you know, we do have a lot of clout. I think China is just qualitatively different from small countries, and I think unilateral sanctions on Chinese officials and on companies, though having symbolic impact and where those companies do a lot of business in the U.S. some real impact, will not have nearly as much efficacy as a multilateral approach.

On that I would say one heartening development over the last year or two has been that both the European Union and the U.K. have adopted sanctions rules in their own law that allows sanctions akin to the U.S. Global Magnitsky Act on corruption and human rights abuses. So there's actually an existing tool we could use to press the U.K. and the European Union to take action with us to impose multilateral sanctions on Chinese officials involved in the repression in Hong Kong, which I do think would be much more effective than a unilateral U.S.-only action.

REED: Thank you very much.
Thank you, Mr. Chairman.

TOOMEY: Senator Menendez?

MENENDEZ: Thank you. Am I on here? Thank you, Mr. Chairman.

Let me start today by expressing my solidarity with the people of Hong Kong. Over the past year, they have been an inspiration to people the world over as they stood up in the face of repression demanding their basic rights for the freedom of speech, assembly, for the right to vote, rights that were promised to them under the Sino-British Declaration and their basic law.

Unfortunately, as we witnessed last week, Beijing has betrayed its promises to the people of Hong Kong. And today it is clear and obvious to one and all that Hong Kong is no longer autonomous.
Indeed, as we confront our own yet unfulfilled dreams of equality and justice, and reflect on our own struggles here at home to form our own more perfect union, one line in particular from a Hong Kong report just submitted by the State Department stood out to me. It said, quote, "The people of Hong Kong turned out in the millions to protest these violations of their human rights and fundamental freedoms. Instead of listening to their grievances and finding a democratic solution, the Hong Kong government deployed tear gas and made mass arrests, including of peaceful demonstrators," close quotes.

These are standards that we must hold Beijing and Hong Kong to, Mr. Chairman. But in order for that judgment to stand, we must hold ourselves to the values of our own highest aspirations as well. Sadly, it's not just Beijing that betrayed Hong Kong but, in my view, President Trump as well.

All last summer as the people of Hong Kong marked the times with American flags, the President was silent. When we considered the Hong Kong Human Rights and Democracy Act, which I was proud to sponsor, the President said he was against it. And when we passed it, the President said he stood not for the people of Hong Kong but with President Xi. He said he stood with President Xi.

So it's no surprise to me that Beijing would think it had a green light in Hong Kong. Now it's incumbent on us to make sure that Beijing pays the price for its actions. It's critical not just for the people of Hong Kong, but for our larger policy with China. Our response must be swift and clear and targeted at Beijing, not the people of Hong Kong for whom we owe a deep moral debt.

Unfortunately, President Trump has still not made clear exactly what he will do to make Beijing pay a price. And most of the matters he discussed in his press conference last week will effect Hong Kongers far more than Beijing.

It's inevitable that Hong Kong will suffer in the years ahead. If Hong Kong is no longer autonomous, we simply cannot extend to it the benefits as a separate trade and customs territory that it has previously received and which Beijing has taken advantage of for its own ends. But in the final analysis, Beijing -- not Hong Kong -- must be held to account for the bad behavior that has led us to where we are today.

To that end, as the Ranking Member of the Senate Foreign Relations Committee, I'd like to work with the Chairman and the Ranking Member of the Banking Committee to develop a tight and targeted approach to impose the appropriate penalties on Beijing, hopefully, maybe through the NDAA.

Now let me turn to the witnesses in the little time I have left.

Mr. Lorber, Mr. Harrell, how should U.S. policy balance putting pressure on China and shifting the treatment of Hong Kong under U.S. law to now be more like the treatment of mainland China without the burden falling disproportionately on every day citizens of Hong Kong?
LORBER: Thank you, Senator. I appreciate the question. It's -- it's a great one. I think what the administration should be focused on is selecting which measures it's going to adjust, which core bilateral relationships we currently have with Hong Kong that are now up for question given the certification of non-autonomy that it should adjust. This is similar to the conversation that Senator Brown and -- and -- and Mr. Harrell and I were having, things like the extradition treaty may be up for consideration. Export control differential should be considered.

From a -- a U.S. sanctions perspective, so given what this body can do, I think that your -- your language and your approach of having a targeted -- a targeted approach to this makes a lot of sense. We have to sort of carefully balance both the need to put pressure on Beijing while, at the same time, making sure that we don't exact too much economic pain on Hong Kong in a way that drives U.S. and - - and non-U.S. businesses out of the jurisdiction and makes Hong Kong lose its luster more quickly.

HARRELL: I agree with Mr. Lorber on the need to take a calibrated approach to reviewing the individual areas of U.S. law.

And I very much agree with you, Senator, on the need to hold Beijing and not the people of Hong Kong to account.

As you and your fellow members of this Committee in the Foreign Relations Committee, Senator, look at targeted sanctions, I would urge you to think not only about individuals and financial institutions where I know you and your staff are already thinking, but also very directly and aggressively against the kinds of Chinese companies that may directly facilitate surveillance and repression in Hong Kong, whether companies providing digital surveillance in Hong Kong or online surveillance in Hong Kong or who might help build up the same kind of censorship apparatus in Hong Kong that exists in mainland China. And I would be thinking carefully and in a calibrated way about the tech sector as well as the financial sector here.

MENENDEZ: I appreciate it. I know my time is up, Mr. Chairman. I have other questions for the record, which I'll submit. I felt compelled to make a statement because I think this is a critical moment.

Thank you, Mr. Chairman.

TOOMEY: Thank you. Is Senator Warner on the call?

OK. Senator Cortez Masto?

OK. Senator Jones?

OK. If there are no other Senators, then we can move on to the second round of questions. And I will direct my first question from the second round to Mr. Lorber.
One of the things that we have attempted to do, we, being Senator Van Hollen and I am crafting the Hong Kong Autonomy Act is to -- to use secondary sanctions as a mechanism to attempt to dissuade or at least establish that there will be a price to be paid by Chinese Communist officials who would involve themselves in the repression of people of Hong Kong.

So first, I'd like for your thoughts on how we have designed those secondary sanctions. We have tried to calibrate them in a thoughtful way. As you know, they are imposed gradually. It is -- it is the fact that, in the first year, they are not mandatory. It is also the case that banks can choose not to do business with the offending parties and, thereby, avoid this. What -- what are your thoughts about how this is crafted?

LORBER: Yeah. Thank you, Senator. I -- I think it's -- it's well-crafted, particularly on the secondary sanctions component because of the fact that it creates an incentive for both deterrence and for behavior change, right? There's an incentive for deterrence because financial institutions would know who is listed on the list as foreign persons undermining the freedoms in Hong Kong. So don't do business with them.

And then to the extent that a financial institution does come -- come into -- into sort of troubled water, there's a structural incentive to -- to change behavior because, as you mentioned, after year one a certain number of penalties will apply. But then after year two, an additional set of penalties will apply. So that -- that -- that structure is -- is done in such a way that it incentivizes the changing behavior.

One really important point to note on this, and I mentioned in my written testimony, it will be important as -- as the legislative process continues to make sure that the financial institution components of the legislation really target those financial institutions that are actively engaged in undermining -- undermining the -- the rights and the freedoms of people in Hong Kong.

I think there's a -- you know, there -- there should be this understanding that you don't want to cast the net too wide because that would have potentially unintended consequences. But to the extent that you can find -- and there's evidence that -- that financial institutions are actively supporting these activities, I think it makes sense as -- as a (inaudible) provision.

TOOMEY: Thank you.

Mr. Lee, I wonder if you could respond to this question, and -- and it's about how the Chinese Communist Party responds. I understand that it's probably inevitable that the National Security legislation is going to be implemented. And some suggest that no matter what anyone else does, they're going to do whatever they're going to do. But it seems to me that they might hear somewhat about consequences for their actions. And perhaps having this legislation that -- that we've contemplated might cause some of the actors in Beijing to think twice about further repression of Hong Kong. And I wonder what your thoughts are about how the Chinese Communist Party officials see the kind of legislation they were contemplating.
LEE: When you look at the Chinese Communist Party, they always want to play sort of a -- what we call now "wolf warrior" type of, you know, response. They -- they always try to see to (inaudible) respond. But when you look at China itself, actually, Xi Jinping had a big problem with their own economy.

So what -- what the problem with his own economy and they tried to impose on Hong Kong the National Security law, and there will be retaliation into the economy in China. So when China tried undermine the whole economy, Hong Kong economy may be hurt. But at the same time, the China economy will be hurt because, you know, 70 percent of renminbi settlement is in Hong Kong. So they need Hong Kong as the financial center. So I think they -- it's very much of an irrational act on the part of Xi Jinping to do that.

But -- but my question, I don't -- I don't have the answer. It is -- the Xi Jinping irrationality in -- in undermining Hong Kong economy and hurting its own economy is he -- he is the one that do that. But is the whole party behind that? You know, is the whole Communist Party, you know, (inaudible) they may lose their own interest in the whole hurting of Hong Kong economy when they have their own money in Hong Kong?

So I -- I think, you know, Xi Jinping may be very, very much seen to be a strong leader. But I wonder whether the other will go along with him when their own economy is being -- economic interest is being hurt. So I think the -- the suggestion that we -- there should be a very surgical type of, you know, sanction is -- is something that people have to think about, so that is inside the Communist Party their own interest are being hurt, economic being hurt, and -- and they have to think twice. Xi Jinping may not think twice, but the whole party have to think twice when their own interest is being hurt.

So I think -- and also I want to put in one word about the -- the global coalition -- diplomatic coalition. I think this is very helpful because, you know, what -- what we -- you know, it cannot be one country that take up China, it had to be a united asset on the part of all the countries concerned. And so the G7 is very important to -- to stand together, you know, and to target China or -- and -- and tell China that they have to stop intervening in Hong Kong.

So thank you for the questions, but I think -- we hope that the American government can help in promoting this called global coalition. And also, you know, don't remember the one thing, this is a Sino-British Joint Declaration, so the United Nations should also come in. And -- and now I think the U.K. government had not yet find a way into the United Nations system, so I think by banding together as a global coalition -- global coalition help push in getting a United Nations intervention in Hong Kong, including (inaudible), you know, a special envoy to Hong Kong. Thank you.

TOOMEY: Thank you very much. I'll recognize Senator Brown.

OK. Senator McSally?
MCSALLY: Thank you, Senator Toomey. Thanks everybody for your -- your testimony today.

Mr. Lorber, you’ve talked extensively about the importance for targeted and flexible sanctions, but also not so optimistic that China is going to change their behavior. So what other tools do we have in our public policy toolkit? I -- I got the message on sanctions if you have anything else to say about that. But what else can we do in order to deter or to change China’s behavior and basically taking over Hong Kong is what we’re seeing with the steps that they’ve taken in cracking down and going back on their word and their agreements? What else can be done in order to try and deter and change their behavior whether it’s related to sanctions or any other diplomatic economic?

If you’re in-charge, Mr. Lorber, what else do we have to offer?

LORBER: Thank you, Senator. I think perhaps the most important thing in addition to kind of the economic pressure discussion that we’ve already had really relates to what -- what Mr. Lee and what Mr. Harrell were talking about where there needs to be some type of sustained diplomatic outreach with other countries who have vested interest in the freedoms that the Hong Kongers have historically enjoyed, right? So certainly the U.K., and the U.K. has done a good job already, I think, with Boris Johnson potentially offering visas, but doing two things as part of this. One is providing a backstop allowing for Hong Kongers if they are threatened to seek some type of asylum or the ability to -- to move to different jurisdictions if the situation worsens. And at the same time, casting or creating an international public diplomacy campaign highlighting what is going on in Hong Kong.

Everybody sort of knows it, but there hasn’t been this unified front of people across the world with freedom-loving countries saying, “This is not acceptable. This is not OK.” Essentially, it’s been the United States and a few other ...

MCSALLY: Yeah.

LORBER: ... small things here and there. But I think that’s what I would do in addition to the pressure discussion.

MCSALLY: Great, thank you. Also I wanted to ask you, so if he were to terminate the -- you know, the -- the special relationship we have related to the import of certain sensitive goods, as you know, semiconductors and other things, so Hong Kong has a special relationship allowing for that but with, you know, China continuing to move first taking a moment, that becomes obviously a security issue for us. So if we were to terminate that special relationship, what -- what -- you know, what -- what are the implications of that for the U.S., for economy and also for Hong Kong?

LORBER: Yeah, so -- so that -- that relationship sort of runs, in some -- in some sense, two ways, right? So Hong Kong can import or can export goods to the United States differentially than -- that China can. And Hong Kong has different export control regulations that govern it from -- from China, so the U.S. can send goods to Hong Kong that it cannot send to China.
I think it's realistic to assume that as -- as China takes more and more control as -- I'm sorry, as Mr. Harrell was saying, that the -- the -- you know, the likelihood of those export controlled goods being sent on to China is increasingly significant. So I do think that creating symmetry between those two countries are -- between Hong Kong and China in terms of the export controls -- makes a lot of sense.

Will that hurt Hong Kong economically? It might. To be perfectly blunt, it's hard to assess what the impact would be without further analysis. But I think that, from a national security perspective from the United States ...

MCSALLY: Yeah.

LORBER: ... I think it's a thing which makes a lot of sense to do.

MCSALLY: Great, thank you. And in my last little bit of time, Mr. Lee, can you just share? I mean, we're trying to balance this, putting pressure to change the behavior of China so they stop encroaching on the freedoms and their -- again their agreement to the past and the way of life in Hong Kong. We put that pressure on them and look for different tools while also protecting the rights of the people of Hong Kong, and we're also needing to again protect U.S. national security.

So, Mr. Lee, can you just share as China continues to encroach and continue to take away the freedoms of the people of Hong Kong, you know, what else can be done in order to strike that balance?

LEE: Of course, we are concerned, you know, what would happen in the future, the economy of Hong Kong. But one thing, I think for sure, for the people of Hong Kong that if they have further -- further invasion into our rights and freedom encroachment, you know, Hong Kong is no longer Hong Kong. And even if we can so-call make money, we are not willing to secularize (inaudible) and -- and our -- our freedom. And I think people of Hong Kong are ready in a way -- savvy -- to be ready for the economy to be hurt because China is the one that, you know, trample in our freedom.

And when you trample on freedom, one thing -- even without any sanction in the world, one thing will happen. When China trample on the freedom of people of Hong Kong, the whole -- the people of Hong Kong will lose complete confidence. So even without any sanction, you know, financial center is 100 percent built on confidence. You know, talent in Hong Kong working for the economy is 100 percent on confidence. And people is confident in Hong Kong.

And actually without any sanction, the Hong Kong economy will go down. So if -- we have to be prepared to maybe savvy some hard time ahead of us, but that's because of Xi Jinping, because of his, you know, attack on the -- on the freedom of Hong Kong. And -- and then if Hong Kong become to be ruled by fear, you know, how can a place where people are fearful can be a financial center? That is absurd. So I -- I'm -- I'm sure that we are having a hard time. But in a way, this is inevitable because Xi Jinping have already wanted to strike our (inaudible) .
MCSALLY: Thank you, Mr. Lee. We stand with you for freedom.

LEE: Thank you.

CRAPO: Thank you. And this is Senator Crapo. I'm back from the Judiciary Committee now.

And, Senator Van Hollen, you're next.

VAN HOLLEN: ... Chairman, and I want to thank you and Ranking Member Brown for scheduling this important hearing.

To all the witnesses, and specially to Mr. Lee, thank you for your very long distance testimony and, most importantly, for all you've done as part of the -- the trade union movement, your work for democracy and human rights in Hong Kong. And, of course, that's what brings us together today, the actions that the government of China has taken and is in the process of taking in violation of its international commitments, in violation of the basic law and in violation of the "one country, two systems" principle and, most importantly, in violation of the rights of the people of Hong Kong.

And it is essential, in my view, that the United States take action to stand up for the important principles so that the people of Hong Kong in the streets are standing up for. And Congress, on a bipartisan basis, has taken the lead in these issues. I know it's been referenced a number of times, but we passed the Hong Kong Human Rights and Democracy Act last year.

There's, of course, the Magnitsky Act. It is very true that the Trump administration has lots of existing authorities that, in my view, they need to be implementing and implementing right now to send a signal that these continuing actions have consequences. It may not stop the government of China, but it's very important to send those signals so that can be part of the calculation and their decision-making.

I also want to thank Senator Toomey, and I know he's been chairing the Committee hearing for -- for most of this session. I was very pleased to partner with him on this legislation, the Hong Kong Accountability Act, because I do think it's important that Congress again, on a bipartisan basis, make sure that we deploy the full arsenal and tools at our disposal in terms of sanctioning. And, of course, that bill or bill targets provide secondary sanctions on the banks that help support and are complicit in helping individuals who, in turn, had been working to undermine human rights and democracy in Hong Kong. And we think it's important that Congress move forward on this. But I want to emphasize again that today the Trump administration has plenty of authority to take steps immediately.

Let me also say -- you know, I know when we scheduled this hearing we could not anticipate the events here in the United States, but it is a reality that we witnessed something right here in Washington, D.C. that I never thought I would witness in my lifetime. And that was the President of the United States, along with the Attorney General, Secretary of Defense and others deploy military police to break up a peaceful assembly outside the White House in order to make way for the President to have a political stunt in front of historic St. John's Episcopal Church not far from the White House.
They deployed rubber bullets. They deployed tear gas against people who were peacefully gathering to protest against injustice around the country. And for the President of the United States, to be part of that undermines his credibility and the credibility of United States in speaking with a strong unified voice when it comes to standing up for human rights.

Now we all know that that is not our system of government in the United States. We all know that was the exception. In fact, I've never -- I never imagined of whatever happened here in the United States. That's the kind of thing that happens daily in Hong Kong. That's why it's important we take action to prevent that kind of suppression of free speech. But the -- the President is totally undermining that, at least from the executive branch in -- in the decisions he took and the actions that he's taken.

And I also find it difficult because the President consistently has taken this kind of tone also in foreign relations. We are, of course, here on the -- another anniversary of the Tiananmen Square Massacre. Here's what -- here's what the President -- current President of the United States said about that years ago, and I think it's important to read what he said because it puts in context his unwillingness to move forward today.

He said, quote, "When the students poured into Tiananmen Square, the Chinese government almost blew it. Then they were vicious. They were horrible, but they put it down with strength," he replied. And he went on to say that our country right now is perceived as weak, as being spit on by the rest of the world.

So the current President of the United States, back at that time, was celebrating the brutal tactics of the government of China in Tiananmen Square. And that just brings me back to why we need to act on a bipartisan basis here in United States Congress because it is the Congress that has passed this early legislation that apparently the President is unwilling to move forward immediately on. And I do think it's important that -- that we passed the legislation that Senator Toomey and I introduced because it actually requires the -- requires the administration to take action. And if they don't take action then we, as a Congress, can -- can do a backup.

So, Mr. Chairman, I guess I got one eye on the clock here, but I -- I -- I know we heard from Mr. Lee. I'd like to hear from Mr. Lorber and, first of all, what your view is on that piece of legislation that Senator Toomey and I have introduced. And then to Mr. Harrell.

CRAPO: If you could both be brief please, we're quite a bit over on the time.
LORBER: Thank you, Senator. Senator Van Hollen, of -- of course, I think the Hong Kong Autonomy Act, which you introduced with Senator Toomey is a -- is a well-designed piece of legislation. I mean, if the purpose of -- of sanctions in the context of Hong Kong are really to deter the CCP from further undermining the rights and freedoms in Hong Kong, the legislation does get at that because it creates a deterring impact by saying, first, if you undermine the rights, you'll be added to this list where there are discretionary sanctions at the first instance. And if you continue to engage in that activity, well, those sanctions then become mandatory. That's both for the persons listed and for -- for certain financial institutions that are directly supporting them. And I think that's a very smart way to do it because it creates a deterrent impact, and it creates a real behavioral change -- an incentive to change behavior over time.

VAN HOLLEN: Thank you.

Mr. Harrell?

HARRELL: I -- I agree with what Mr. Lorber said about -- about the act. The other point I would make on the act is I actually think it fills a gap in existing sanctions laws, including the Hong Kong Freedom and Democracy Act that -- that many members of this Committee worked on in November. That act enables the targeting of individuals involved in -- for physical acts of repression, arbitrary arrests, detentions, those kind of things whereas your proposed new legislation would broaden the ambit, I think, in important ways to get that sort of more generalized erosions of freedom and autonomy in Hong Kong that don't necessarily rise to the level of -- of act to the kind of specifically targeted detentions that we're -- we're targeting in the legislation from last November.

VAN HOLLEN: Thank you. And thank you, Mr. Chairman, Ranking Member, Senator Toomey. And Mr. Lee, again thank you for your testimony today.

CRAPO: Thank you.

Senator Warner?

WARNER: Thank you, Mr. Chairman. And I want to thank you and Senator Brown for holding this hearing. I think it's relevant not only, obviously, in terms of Hong Kong, but I think we're seeing a pattern from the Chinese government that is extraordinarily disturbing.

In my role as Vice Chairman of the Intelligence Committee over the last year and a half, we've had 13 classified briefings about the threat that the Chinese government poses to industries in America, academic institutions in America. We have seen the Chinese government manipulate and use some of its technology advantages in terms of Alibaba, Tencent, Huawei -- Huawei a little more conscious than -- than most. And they have been able to create a surveillance state that is unprecedented, that would make Huawei a blush. So I think looking at -- at these issues about Hong Kong are extraordinarily important.
A matter of fact, you -- you may have seen that (inaudible) panel saw that there is a kind of a rethinking of China’s technology expansion and our friends, the British, have proposed a technology alliance amongst G7 and certain other key nations, but I think we need to -- we need to explore.

That being said, that's one of the reasons. I know a number my colleagues have raised this as well why it's so important in our country we live by our values. If -- if there's going to be a coalition of the willing that wants to avoid the kind of Chinese surveillance state, the Chinese practice -- the Chinese government practices, I think we have to again live those values as well to present a counter-argument.

And really before I get to my question, I also want to really make something that I think is really, really so important, and I hope my colleagues will -- will take this to heart.

In the last year and a half of doing this, I think it's important that when we cite our concerns with China, we made clear that our beef is with the Chinese Communist Party, with President Xi Jinping. It is not with the Chinese people. We literally stand with the people of Hong Kong.

And some of the things I hear, particularly on the administration will make this broad brush is that they, in a sense, impugn sometimes, I believe, the patriotism and commitment of Asian-Americans, Chinese-Americans, in particular. And I think that is -- that is not what we should be focused on, whether it is, you know, talking about the Chinese-Americans questioning their loyalty and commitment to our nation. And I just hope we will all bear that in mind. And I point out, you know, my problem again is with the -- the people with the government of China and we stand with the people of Hong Kong.

Dr. Lorber -- Mr. Lorber, the first question I want to ask you is has been pointed -- has been pointed out, the Chinese elite and the Communist Party elite that we have talked about that, you know, talked like they are, you know, communist yet take advantage of this system, this kind of crony capitalism on steroids that exist in -- in China, they use the autonomous nature of Hong Kong in so many ways to kind of (inaudible) the road pockets.

If we go through this kind of change, if China changes the status of Hong Kong, what will that do to the elite's ability to -- to leverage the independence of Hong Kong?

LORBER: Thank you, Senator. I -- I do think that if you were to seriously rethink the special relationship with Hong Kong and -- and move it back to sort of consider it as -- as part of mainland China that it would make it more difficult for Chinese elites to be able, for example, to move money through Hong Kong into -- into western markets, into real estate, into other -- into other areas.
With that said, I do think there is a balancing act that really does need to be achieved here, and that balancing act is ensuring that, you know, you're protecting the rights and freedoms in Hong Kong and making clear to the Chinese Communist Party, in particular, and the elites in the Party that what they're doing is not acceptable while, at the same time, making sure that you're not driving Hong Kong too far into Chinese control. And again, it's a situation where if you press too hard on Hong Kong right now, I think there's the possibility that you accelerate the process of Chinese control. So it's really that kind of that -- that balancing act that needs to be struck here.

WARNER: Thank you. And I -- Mr. Chairman, I don't have a clock here, but I'm going to presume as usual I've gone too long, so I won't ask Dr. Martin my other question.

Thank you, Mr. Chairman.

CRAPO: It's about on time, and you can send that question for a written response. How is that?

WARNER: Thank you, Sir.

CRAPO: And next is Senator Cortez Masto?

CORTEZ MASTO: Thank you. Excuse me, thank you, Mr. Chairman and Ranking Member, for this important discussion. So appreciate all the panelists that are joining us today.

And like my colleagues, I obviously have concerns about what we see happening in Hong Kong right now. Hong Kongers have demonstrated on the streets for freedom and democracy. They've inspired us with their bravery and showing that democratic aspirations are universal. They have looked to the United States as a -- a beacon of freedom.

It is pivotal at a time when there's an upswing and authoritarianism that United States continues to stand by our values, both abroad and here at home. There is no doubt there's a longstanding injustice in this country, especially for our communities of color who are disproportionately impacted by the health crisis, the economic crisis. And yes, we are in the middle of a civil rights crisis as well.

It's therefore incumbent upon us that we do the important work of dismantling systemic racism and creating more justice (inaudible). And tackling our crisis at home will bolster our ability to lead in promoting universal human rights abroad. So that's why it is so important that we continue to have this discussion as well.

One of the areas I would love to focus on involves some companies and things. And I know yesterday morning Peter Wong, the top executive at HSBC, signed a petition in support for China's National Security law in Hong Kong. This comes days after calls to boycott HSBC due to its silence on Beijing's new national security law for Hong Kong. And then Jardine Matheson Holdings, another British trading firm also recently announced its support for the law.
So my question to Mr. Lorber, Harrell and Martin is how is the Chinese government pressuring foreign and multinational companies to support this law? And will U.S. banks in Hong Kong come under similar pressure? And I love to start with ...

LORBER: Thank you.

CORTEZ MASTO: Yeah. And let me start with Mr. Lorber, and then I'd ask Mr. Harrell and Dr. Martin as well.

LORBER: Thank you, Senator. My understanding is that the Chinese Communist Party, not just in Hong Kong, but more generally engages in both subtle, but then also in -- in certain cases more overt pressure techniques, so it can be anything from slowing down the purchases of U.S. origin products or -- or pushing Chinese tourists not to -- to go to particular countries or work with particular companies within those countries as a way to -- to pressure companies.

As we've seen over the last few years, it’s become more overt in many ways with the Chinese Communist Party actually just out and out publicly threatening companies if they don't go along with -- with foreign policy references. In terms of U.S. financial -- U.S. institutions broadly, U.S. banks and others, you have seen that as well. China has made -- the Chinese Communist Party has threatened U.S. companies.

In terms of what will happen in Hong Kong on that particular score, I don't -- I don't know what the dynamics have been, and I don't know what -- necessarily know what will happen.

CORTEZ MASTO: Thank you.

Mr. Harrell, do you have any comments or -- or Dr. Martin?

HARRELL: No, thank you very much, Senator, for this question. I think this is a tremendously important issue.

As Mr. Lorber says, over the last couple of years we have seen more and more first quiet and now increasingly overt and direct pressure by the Chinese Communist Party and the Chinese government on companies, including American companies with the instance where airlines from around the world had to remove Taiwan as a country from their -- their websites.

We, of course, have the issue with the NBA just here in America, the basketball league, just earlier this year. We are seeing more and more of this. And I think we're seeing it because, as we see in the instances you brought up, it's working. China is getting companies to censor themselves. It is getting companies to come out in support of the actions that it -- it -- China is taking.
When you talk to companies about this, I think that they feel there is a collective action problem for any given company to stand up to China, they feel very much in a pickle because if -- if -- if they are singled out by the Chinese, they lose business what other companies will continue to do business in China. And I think we, as a country and with our allies, need to have some dialogue about how to kind of collectively steep in the spine of the corporate sector to stand up here.

So I have urged, for example, companies to come together around a code of conduct in China where they would commit upfront to not take collectively and as a group to not supporting various things the Chinese Communist Party wants them to do because I think it gets them out of this individual action where they're afraid of sticking their neck out and having it chopped off towards more of a collective approach where I think you could see some more backbone out of the corporate sector.

CORTEZ MASTO: Yeah. And I think it's interesting because we've also had this conversation today, and I so appreciate it about when we're looking at U.S. sanctions being very prescriptive so they do not harm companies, right? But at the same time, we see these actions by companies that are supporting a law that we are trying to address in -- in Hong Kong.

I don't know, Dr. Martin. I know my time is up. Dr. Martin, I didn't know if you've had a comment or not.

MARTIN: If I may, Chairman Crapo ...

CRAPO: Yes, please be brief.

MARTIN: ... (inaudible) as brief as possible. First off, I'd point out with respect to HSBC, which is actually a British bank. That's where its headquarters are now. The pressure came directly from the previous chief executives, (inaudible), who is the Vice Chairman of the China People's Political Consultative Committee, a very high Chinese entity that advises the National People's Congress and the leadership of China. So he openly basically called for everybody to remove all their money from HSBC until HSBC came out in support of the pending national security legislation. That's very overt from somebody who used to be very high in the Hong Kong government.

The other entity that I would point to, to keep an eye on, is the liaison office for the Chinese Central Government in Hong Kong. They have a history of being very active in the Internal Affairs of Hong Kong. And on the economic front, they have been known to call up businesses and basically say don't do business with this U.S. company, this foreign company or even Hong Kong companies because of their politics.

So Apple Daily, Jimmy Lai's newspaper, lost a lot of advertisements allegedly because of pressure from the liaison office. So they have that mechanism.
And to finish up one point, as Mr. Lee pointed out, there's LegCo elections coming up on September 6, and that liaison office has, in the past, very openly campaigned, and financed, and assisted pro-establishment politicians who are running for office at LegCo district council and -- and other places. And most recently, the Chinese central government announced a break from past policies that that liaison office is -- can't operate inside Hong Kong and is not subject to the provisions of the basic law in terms of central government bodies not being involved in Hong Kong's internal affairs.

So there are mechanisms and I pointed to several of them that are being utilized to apply pressure not just on Hong Kong companies, not just on Chinese companies but U.S. companies, British companies to basically toe the line to what's been decided by the central government.

COTEREZ MASTO: Thank you. Thank you very much.

CRAPO: Thank you. You know, I'm going to -- because of the time, I'm going to forego my questions. I do understand that Senator Brown does want to ask another question.

Senator Brown, are you ...

BROWN: Well, yeah, Mr. Chairman, I'm fine with that. I -- I don't need to do that, and I know in the interest of time I -- I don't have any comments to wrap up the hearing either, which probably surprises you, Mr. Chairman.

CRAPO: I was expecting something.

BROWN: This is a really good hearing, and I so appreciate our -- our trade unionist friend tuning in from halfway around the world. So thank you to all of the witnesses who were really good today. I thought this was really uplifting for all of us. And thanks for -- to all of you for your fight for human rights.

CRAPO: All right. Thank you, Senator Brown.

And as I said, I won't ask any further questions. I apologize that I was not able to be here for the first part of the hearing. We had a very contentious hearing in the Judiciary Committee that I had to participate in. But I do deeply appreciate the -- the fact that each of you are willing to come here and present your testimony to us today.

As Senator Brown said, this is a critically important issue, and we are very concerned about the rights of the people of Hong Kong. And I want to make sure that we do everything we can to help protect the autonomy of Hong Kong and protect the freedoms of the Hong Kong people.

With that, for Senators wishing to submit questions for the record, those questions are due in one week on Tuesday, June 11th. And I would expect you may get some additional questions from Senators either those who weren't able to -- to ask their questions here or who have some others come to mind.
As to the witnesses, we ask if you do receive questions that you please respond promptly to those questions in writing. Again, thank you all for your fight for freedom and for autonomy, and your -- your advice and your -- your counsel to us as we move forward on this legislation. And thank you for joining us here today.

With that, the hearing is adjourned.

END

Jun 05, 2020 12:36 ET .EOF
Toomey-Van Hollen Hong Kong Autonomy Act Slated to Be Included in Annual Defense Bill

June 30, 2020

Washington, D.C. - U.S. Senators Pat Toomey (R-Pa.) and Chris Van Hollen's (D-Md.) bipartisan Hong Kong Autonomy Act is expected to be included as an amendment to this year’s National Defense Authorization Act (NDAA).

The Hong Kong Autonomy Act passed the Senate unanimously last week. It was introduced in response to increasingly brazen interference of the Chinese Communist Party in Hong Kong, would impose mandatory sanctions on entities that violate China’s obligations to Hong Kong under the Joint Declaration and the Basic Law. The legislation would also impose mandatory secondary sanctions on banks that do business with the entities in violation of the Basic Law. It would be included in the NDAA upon the adoption of the manager’s package of amendments.

"Last week, the Senate stood up to the communist regime in Beijing and stood with the people of Hong Kong," said Senator Toomey. "The mandatory sanctions established in this bill will punish those in China who seek to undermine Hong Kong’s autonomy or erode the basic freedoms promised to Hongkongers. Inclusion of the Hong Kong Autonomy Act in the NDAA will increase the odds it passes the House and makes it to the president for his signature."

"The Hong Kong Autonomy Act sends a clear signal to China - those complicit in the continuing the crack down on Hong Kong will face consequences. This legislation has passed unanimously in the Senate, and its inclusion in the NDAA further underscores the intent of Congress to act. We will not stand by as China seeks to repress freedom, human rights, and democracy in Hong Kong," said Senator Van Hollen.
**Background:**

Under the Joint Declaration and the Basic Law, China's obligations to Hong Kong include, but are not limited to, guaranteeing:

- Hong Kong's "high degree of autonomy," except in foreign and defense affairs;
- That Hong Kong has an independent judiciary;
  - Freedom of speech, press, and assembly in Hong Kong; and
  - That the Chief Executive and Legislative Council of Hong Kong be selected by "universal suffrage";

Senators Toomey and Van Hollen's Hong Kong Autonomy Act would impose sanctions on:

- Persons or entities that materially contribute to the contravention of China's obligations
  - Examples may include a police unit cracking down on Hong Kong protestors or Chinese Communist Party officials responsible for imposing a "national security" law on Hong Kong
- Banks that conduct "significant transactions" with persons or entities described above

The legislation also expresses support for allowing Hongkongers, in a time of crisis, to become eligible to obtain lawful entry into the United States if they are facing persecution or violence from Beijing.

The bill text can be found here (https://www.toomey.senate.gov/files/documents/HEY20907.pdf).
JULY 02, 2020

VAN HOLLEN AND TOOMEY’S HONG KONG AUTONOMY ACT HEADED TO TRUMP’S DESK FOR SIGNATURE

Today, the U.S. Senate unanimously approved bipartisan legislation authored by U.S. Senators Chris Van Hollen (D-Md.) and Pat Toomey (R-Pa.) to defend Hong Kong’s autonomy against increasingly brazen interference from the Chinese Community Party. The Hong Kong Autonomy Act now awaits President Trump’s signature.

“Today’s passage of the Hong Kong Autonomy Act makes it clear that we will not stand by as China seeks to crush freedom, human rights, and democracy in Hong Kong. The government of China is already flagrantly using their new authorities to punish and imprison those who have stood up against the recent implementation of their sweeping national security law. Our legislation mandates severe consequences on those who participate in this unconscionable repression. I appreciate Senator Toomey’s partnership on this effort, and I urge the President to sign this bill into law – and begin imposing these sanctions – immediately,” said Senator Van Hollen.

“The harsh steps the Chinese Communist Party is taking to crackdown on the basic rights of Hongkongers is chilling,” said Senator Toomey. “This includes draconian limits on speech, the right to assemble, and any semblance of a representative government. The Hong Kong Autonomy Act makes clear that there are ramifications for such egregious acts. I very much appreciate Senator Van Hollen’s working with me to get this bill through Congress with unanimous support. President Trump should sign it into law as soon as possible and make it clear that the United States stands with Hong Kong.”

This material is distributed by Capitol Counsel LLC on behalf of the China-United States Exchange Foundation. Additional information is available at the Department of Justice, Washington, DC.
Video of Van Hollen and Toomey’s speeches in support of the Hong Kong Autonomy Act, as well as footage of the bill’s passage, is available here.

**Background:**

Under the Joint Declaration and the Basic Law, China’s obligations to Hong Kong include, but are not limited to, guaranteeing:

- Hong Kong’s “high degree of autonomy,” except in foreign and defense affairs;
- That Hong Kong has an independent judiciary;
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- Banks that conduct “significant transactions” with persons or entities described above

The legislation also expresses support for allowing Hongkongers, in a time of crisis, to become eligible to obtain lawful entry into the United States if they are facing persecution or violence from Beijing.

By Ryan Saavedra | Jul 8th, 2020 DailyWire.com

China's new draconian national security law for Hong Kong reportedly contains a section that bans every person on earth from advocating for Hong Kong's democracy, which some have suggested raises concerns about extradition pacts China and Hong Kong have with other nations.

"China has long sought to crush organized dissent abroad through quiet threats and coercion," Axios reported. "Now it has codified that practice into law — potentially forcing people and companies around the world to choose between speaking freely and ever stepping foot in Hong Kong again."

Axios noted that Article 38 of the national security law states that it applies to those who commit the offenses against the Hong Kong Special Administrative Region "from outside the Region by a person who is not a permanent resident of the Region."

Wang Minyao, a Chinese-American lawyer based in New York, told Axios, "It literally applies to every single person on the planet. This is how it reads. If I appear at a congressional committee in D.C. and say something critical, that literally would be a violation of this law."

Reporter Bethany Allen-Ebrahimian, who is an expert on China and the author of Axios' report, noted, "This means that anyone advocating democracy in Hong Kong, or criticizing the governments in Hong Kong or Beijing, could potentially face consequences if they step foot in Hong Kong, or have assets or family members in Hong Kong."

This material is distributed by Capitol Counsel LLC on behalf of the China-United States Exchange Foundation. Additional information is available at the Department of Justice, Washington, DC.
Allen-Ebrahimian also raised the concern that Hong Kong authorities “may begin to detain or arrest people of any nationality upon entry to Hong Kong for their actions or speech elsewhere — or even issue extradition requests for major targets.”

Taiwan News reports that a total of 52 countries have signed extradition agreements with China or Hong Kong. Some of the countries that have extradition agreements with Hong Kong include the United States, Australia, New Zealand, the United Kingdom, Germany, India, and others.

“China has signed extradition accords with 55 countries, but 16 are not valid yet,” Taiwan News added.

The South China Morning Post (SCMP) reported that a group of international lawmakers are calling on Western nations to end their extradition treaties with China in response to the new security law.

“The Inter-Parliamentary Alliance on China (IPAC), a bloc of legislators formed in June to coordinate an approach by democracies towards China, urged member countries to suspend their extradition agreements with Hong Kong after the national security legislation had ‘severely undermined the rule of law,’” SCMP reported. “Effective since last Tuesday, the law criminalised acts of secession, subversion, terrorism and collusion with foreign forces in Hong Kong with punishment of up to life in prison.”

The group’s 16 co-chairs “committed to coordinate efforts to ensure that no one has to face extradition to Hong Kong, where the rule of law is severely compromised following the imposition of the so-called national security law.”

The Daily Wire is one of America’s fastest-growing conservative media companies and counter-cultural outlets for news, opinion, and entertainment. Get inside access to The Daily Wire by becoming a member.
Hong Kong Is Part of the Mainland Now

Beijing’s New Security Law Has Stifled the Territory’s Autonomy and Hopes

By Michael C. Davis  July 2, 2020

Supporters of China’s new security law celebrate in Hong Kong, June 2020
Wang Shen Xinhua / eyevine / Redux

Millions of protesters took to the streets of Hong Kong to promote democracy in 2019. The world looked on, astonished and impressed. Now, it looks on in despair: Beijing has imposed a hard-line national security law on the city, bypassing both public consultation and the local legislative process to go after protesters accused of “colluding with foreign forces,” advocating “separatism,” or merely damaging the city’s “premises and facilities.” A struggle for public order has been redefined as a national security crackdown.

China’s “one country, two systems” model—initiated with Hong Kong’s handover in 1997—sought to return the freewheeling city to Chinese sovereignty without destroying the basic freedoms on which it was grounded. Hong Kong was to continue to adhere to its own rule of law, rather than to the version applied in the mainland, where the law is a tool for forcing compliance with Communist Party dictates.

Twenty-three years after the handover, China has abandoned its promise of a separate system for Hong Kong. The city has done its part, serving China as one of the world’s leading centers of finance, culture, and education. But China never fully carried out its commitment to the democratic reform needed to sustain Hong Kong’s wavering autonomy. Now, it has brought Hong Kong fully under the national security state governed from Beijing.

Rising Tensions

The Basic Law, enacted in 1990, provided Hong Kong with a “high degree of autonomy,” allowing for democratic self-rule and the preservation of legal and judicial systems from before the handover. The law supports the “ultimate aim” of “universal suffrage” and commits to maintaining the British-style common law system and applying international human rights covenants. This arrangement was to last for 50 years, during which time the mainland system could not intrude.
Such avoidance was not to be left to chance. The Basic Law stipulates that mainland Chinese government departments cannot interfere in Hong Kong, nor do mainland laws apply in the city, except under limited circumstances. One article requires Hong Kong to enact national security laws “on its own.” Maintaining public order was likewise to be a local responsibility.

Beijing officials frequently accuse Hong Kongers of not understanding “one country, two systems.” They emphasize the “one country” component but downplay the “two systems.” But the Basic Law’s elaborate model makes no sense except as a formula to protect Hong Kong from the intrusion of the mainland system. Hong Kong, in contrast to mainland China, was not to be a place where those who opposed the government, defended rights, or reported on sensitive topics could land in jail on such charges as “inciting subversion” or “picking quarrels and provoking trouble.”

The Basic Law’s elaborate model makes no sense except as a formula to protect Hong Kong from the intrusion of the mainland system.

The new national security law threatens these protections. But it is not the first instrument to do so. From the beginning, the Basic Law reserved to the Standing Committee of China’s National People’s Congress (NPC) the ultimate power to interpret its provisions. That committee also controls the pace of democratic reform in the region. Hong Kong’s courts have vigorously applied international human rights standards in reviewing local statutes and the behavior of local officials—but they have done so under the oversight of the Standing Committee. Moreover, the Standing Committee has slow-walked democratic reform, leaving in place a system that ensures that Hong Kong’s chief executive will effectively be chosen by Beijing (through a Beijing-friendly election committee). The city’s Legislative Council, moreover, was designed in an annex to the Basic Law to ensure a pro-government majority.

Disempowered in this fashion, Hong Kongers have often taken to the streets to defend their autonomy and the rule of law. The more Beijing interferes, and the more indifference both the mainland and the local governments show toward public demands for democratic reform, the greater the intensity of the protests.

Such tensions came to a head in 2019, when the Hong Kong government put forth a bill that would have allowed China to extradite Hong Kongers across the border to face mainland justice. Hong Kong has extradition treaties with several countries, including the United States, but it never made such an agreement with the People’s Republic of China, because the system of justice there did not meet international standards. The extradition bill sparked such public outrage that first one million, then two million protesters filled the streets in June 2019.

The government eventually withdrew the extradition bill, but the concession was too little, too late. Rather than backing down, the protesters then added new demands that the government back an independent investigation into police behavior, withdraw severe charges against arrestees, cease to characterize the protests as riots, and advance democratic reform. “Five demands, not one less” became the mantra of discontent.
The authorities responded with increasingly aggressive police actions and excessive criminal prosecutions. A November election for the rather powerless District Councils served as a referendum of support for the protesters, with friendly candidates winning 57 percent of the 2.9 million votes cast and taking control of 17 out of 18 councils. But neither Beijing nor the local government was willing to address popular concerns. Ultimately, only the global pandemic was able to temper the protests.

**A Heavy Hand**

The Standing Committee drafted its National Security Law for Hong Kong in June, a year after the protests began. The NPC had directed the committee to apply the law directly, bypassing the local Legislative Council. The measure was to “prevent, stop and punish” threats to national security and root out foreign interference, which Beijing loudly (and without evidence) proclaimed to be the driver of the protests.

The law, whose 66 articles elaborate multiple avenues of Beijing’s control, was drafted and enacted in secret, without public consultation. It expressly overrides all local laws that are inconsistent with it, and it effectively amends the earlier Basic Law, although it was adopted without the required amendment procedures. The new law reiterates the Basic Law’s requirement that Hong Kong “respect and protect human rights,” but it provides no reliable mechanism for doing so. A local court would surely be condemned by mainland officials if it dared to declare parts of the new law invalid.

The new law calls for the central government in Beijing to set up an office in Hong Kong for the “safeguarding of national security.” Already, Beijing had declared its liaison office in Hong Kong exempt from the Basic Law requirement that mainland departments not interfere in the city’s affairs. This new national security office is explicitly tasked to “oversee, guide, coordinate and support” local national security activities and investigations. Under such constraints, could any local court declare the acts of the mainland public security officers who will staff it to be in violation of the Basic Law, let alone human rights? A provision of the law goes so far as to exclude local jurisdiction over the mainland officials exercising such duties.

The power to interpret the new security law rests with the Standing Committee, such that the local courts appear to be left with only a circumscribed role to play. The chief executive is to “designate a number of judges” among current or former local judges to hear national security cases. But under the new law, Hong Kong’s government will be required to establish a Committee for Safeguarding National Security, to which Beijing will appoint a national security adviser—an official from the mainland who will effectively oversee many of the chief executive’s national security duties, including, presumably, the designation of security judges. How can these judges act independently when they are appointed under such executive oversight?

The hated extradition law has seemingly snuck in the back door.

Of greatest concern, however, is the new law’s provision for jurisdiction to be removed from Hong Kong courts and transferred to the mainland in complex cases involving a “major and imminent
threat to national security.” The hated extradition law has seemingly snuck in the back door. How will ordinary people judge whether their actions meet these vague criteria, whose determination by mainland officials, as previously noted, is not subject to local jurisdiction? The chilling effect on free speech is already evident.

The problems with the National Security Law do not end at the courthouse. Much as the Basic Law did, the new law requires that elected officials swear their loyalty. Based on some official comments, many worry the government may add a pledge of support for the new security law. Many opposition candidates will see such a pledge as a betrayal and will be reluctant to swear their allegiance. And the main crimes the new law covers are vaguely defined: separatism, subversion, terrorism, and “colluding with foreign or overseas forces.” China has often used counterterrorism as a cover for repressing or monitoring minorities and dissidents.

The collusion charge could be used to stifle international human rights advocacy, journalism, and even private meetings with foreign officials—presumably reaching anyone who lobbies for sanctions or support. Under Articles 37 and 38, the law applies to offenses by individuals and corporations, residents and nonresidents, within and outside the region. Those found guilty could in some cases face life sentences.

A little less than a quarter century ago, Beijing invited the international community to treat Hong Kong as separate from mainland China. As an autonomous region that respected the rule of law and protected human rights, Hong Kong enjoyed special trade arrangements, customs agreements, and global immigration that helped make the city a capital of international finance, its economy among the freest in the world. All of these achievements are now at risk. Many democratically minded Hong Kongers now feel that they are left with only two possible moves: to flee or to forgo their freedom to support their political beliefs.

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Washington’s Self-Defeating Hong Kong Strategy

The United States Must Defend the Status Quo, Not Assist in Its Demise

By Kurt Tong  June 2, 2020

Skyline buildings in Hong Kong, May 2020
Tyrone Siu / Reuters

Those who drafted the 1992 Hong Kong Policy Act had a simple goal: to bolster Hong Kong’s autonomy as it changed hands from the United Kingdom to China. To this end, Congress authorized Washington to treat Hong Kong as an entity separate from mainland China in several policy areas. But Congress also mandated that this differential treatment should last only as long as the United States deemed Hong Kong sufficiently autonomous to begin with—setting an unintentional but pernicious trap for Washington policymakers ever since.

Last December, I warned [https://www.foreignaffairs.com/articles/china/2019-12-06/do-no-harm-hong-kong] in Foreign Affairs that the trap was at risk of snapping shut. Congress had just revised the 1992 law, adding a requirement for the secretary of state to annually “certify” whether Hong Kong was still autonomous enough to warrant the differential treatment. On May 21, Beijing announced that a new national security law would be imposed on the people of Hong Kong, criminalizing certain forms of political dissent in the city, and Washington stepped firmly into the trap. On May 27, U.S. Secretary of State Mike Pompeo certified to Congress that Hong Kong no longer qualified for differential treatment, and two days later, U.S. President Donald Trump announced that he would begin revoking Hong Kong’s unique status under U.S. law.

The relationship between Washington and Hong Kong has long benefited both societies and helped the city retain its autonomy from the mainland. Now, the United States stands poised to tear apart the legal fabric of that once close relationship. The decoupling will hurt the people of Hong Kong and damage U.S. business and foreign policy interests—and it will do so without punishing China much at all.

The White House’s indignation over the new national security law is certainly justified. China is sidestepping Hong Kong’s parliament to criminalize “seditious” dissent and foreign “interference” in the city and to allow mainland Chinese security forces to operate in Hong Kong. The law clearly

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violates both the letter and the spirit of the 1984 Sino-British Joint Declaration and the Basic Law, the two cornerstones of Hong Kong's autonomy, and it is without hyperbole the single worst step Beijing has taken to date in its effort to stifle the city's political dynamism. The repercussions for Hong Kong's judicial and political autonomy, not to mention its social stability, are grim.

Tellingly, however, no country besides the United States has responded to Beijing's transgressions by putting greater distance between itself and Hong Kong. Australia, Canada, Japan, the United Kingdom, and other like-minded nations—all just as invested as the United States in Hong Kong's continued autonomy and success—are looking for ways to support the city and its people rather than taking steps that will worsen, however unintentionally, the damage Beijing has inflicted.

A VALUABLE RELATIONSHIP

More than a dozen bilateral agreements between the United States and Hong Kong govern everything from airline regulations to the extradition of fugitives, prisoner transfers, mutual legal assistance, port and container security, counterterrorism, and the exchange of tax information. Fortunately, Washington need not cut these valuable ties indiscriminately. Contrary to some media portrayals, Pompeo's decertification of Hong Kong still leaves the Trump administration with broad discretion over what aspects of the relationship to alter, either in whole or in part.

The United States stands poised to tear apart the legal fabric of a once close relationship.

Indeed, Washington retains considerable leeway to mitigate the worst effects of the Hong Kong Policy Act trap. Some changes to which Trump alluded, such as eliminating the bilateral extradition agreement or realigning Hong Kong's export controls status to match China's, would have a relatively minor practical impact. Some, however, would entail serious costs. Agreements supporting law enforcement cooperation, for instance, are necessary in the fight against drug trafficking, tax evasion, and terrorist financing. Absent direct U.S.-Hong Kong cooperation, China will not step in to help the United States on law enforcement matters under Hong Kong's jurisdiction.

The White House is currently mulling over other, equally problematic measures. American-operated planes currently enjoy relatively liberal access to U.S.-Hong Kong air routes. If the agreement governing such access is voided, U.S. airlines will be the only ones worldwide applying to Beijing for permission fly to Hong Kong. Their right of access would almost certainly be diminished, and the only winners would be China's state-owned airlines.

On the trade front, Trump has envisaged downgrading Hong Kong's customs status, a measure that might backfire, depending on the city's reaction. The United States currently charges relatively low tariffs on products from Hong Kong, and Hong Kong levies none at all on U.S. products other than tobacco. In 2019, producers in the city shipped only about $5 billion in goods to the United States, while American farmers and manufacturers sent $31 billion in the other direction. If the United States were to extend the punitive tariffs it has imposed on Chinese exports to Hong Kong's, the city might retaliate, leading to an important net loss of market share for U.S. producers—and
benefiting mainland Chinese companies, along with those of other major players, such as Japan and Taiwan.

A BETTER PATH

Washington would do well to take its diplomatic cues from like-minded partners. Australia, Canada, and the United Kingdom, in a joint statement that the United States belatedly echoed, highlighted that China is breaking its own policies, promises, and treaty commitments. A good next step would be to consider taking the matter to the International Court of Justice. China would no doubt ignore the court’s ruling, but the process would be severely embarrassing: it would place the blame squarely on Beijing, whereas now the United States looks like the one undermining the status quo.

Some members of Japan’s ruling party have called on their government to downgrade a planned state visit by Chinese President Xi Jinping in order to make Beijing pay a diplomatic price for its transgressions. Other nations are looking to support Hong Kong as an autonomous economic entity: Australia and the Association of Southeast Asian Nations recently concluded free trade agreements with Hong Kong to secure their own access to the city’s markets and bolster trade and investment. Taiwan and the United Kingdom, among others, have responded to China’s aggressive new policy by opening their doors wide to emigrants from Hong Kong. The editorial board of The Wall Street Journal has called on Washington to do the same, writing (https://www.wsj.com/articles/visas-for-hong-kong-11590792802): “The challenge for the U.S. is to find policies that impose costs on China when it breaks global rules without also hurting America.”

Pompeo has called China’s national security law “disastrous,” and with good reason. But labeling the law a “death knell” for Hong Kong, as the secretary of state did, goes too far. The city remains alive, albeit under intense pressure from Beijing. It stands second on the Heritage Foundation’s list of free economies, remains among the best places to do business according to the World Bank, and ranks 16th on Transparency International’s Corruption Perceptions Index (higher than the United States). Hong Kongers clearly treasure their freedoms and want their city to be a vibrant place to live and work for years to come. Washington’s goal should be to maintain Hong Kong’s positive status quo as much as possible, not to assist in its erosion.

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Dispelling Western lies about national security law for HK

By Chen Qingqing, Zhang Hui and Wang Wenwen Source:Global Times
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Freedoms of press, speech enjoyed with limits: expert

The Chinese national flag (front) and the flag of Hong Kong Special Administrative Region are unfurled during a flag-raising ceremony in Wan Chai to mark the 23rd anniversary of Hong Kong's return to China on Wednesday. Photo: AFP

How the West depicts and interprets the national security law for Hong Kong, which was enacted on Tuesday, fully underscores the bias and double standards of some Western politicians and media on Hong Kong affairs.

The US media outlet Foreign Policy alleged that the law would end freedom in the city, which in reality has been enjoying a high degree of autonomy under the principle of "one country, two systems."

CNN also noted that the law would change Hong Kong forever, with potentially massive ramifications for the city’s political freedoms.

Reuters said in a headline on Wednesday that "China passes sweeping HK security law, heralding authoritarian era" while western officials like US Secretary of State Mike Pompeo harshly criticized the move of enacting the law, claiming that "the US would not stand idly by while Beijing places Hong Kong into its 'authoritarian maw.'"

Should the majority of Hongkongers be worried that their individual rights and freedom might be eroded by the law? Is it really the death sentence to Hong Kong and would it risk turning the city into a police state? Would the law really deprive Hong Kong people's rights under the Basic Law, including the right of assembly and strikes? Would the law really change the way Hong Kong people live? Here are some false claims and solid facts.
Is the law ending the broader freedoms of a majority of Hongkongers?

Human rights shall be respected and protected while safeguarding national security in the Hong Kong Special Administrative Region, and the majority of Hong Kong people enjoy a number of rights and freedoms, including the freedoms of speech, of the press, of publication, of association, of assembly, of procession and of demonstration, according to the national security law for Hong Kong, which are all in line with the Basic Law and provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong.

Any legitimate right is clearly defined by the law, which has certain boundaries and scopes. Beyond such bottom lines and scopes, it should bear equivalent legal responsibilities, Shen Chunyao, director of the Legislative Affairs Commission of the National People's Congress Standing Committee, told a press conference on Wednesday.

The law has clearly identified four types of offenses: secession, subversion, terrorist activities and collusion with a foreign country or with external forces to endanger national security. When it comes to subversion, in addition to those who organize, plan, commit or participate in any subversive act with or without force, those who incite and provide assistance to those acts shall be tried.

Lawrence Ma, a barrister and chairman of the Hong Kong Legal Exchange Foundation, told the Global Times on Wednesday that the national security law for Hong Kong is in line with the International Covenant on Civil and Political Rights.

The law won't affect the freedom of speech or other individual rights of the Hong Kong majority as long as they are not involved in those four types of illegal acts, Ma noted.

In many Western countries, including the US, France and Japan, lawmakers have been carefully seeking a balance between freedom of speech and national security or public order-relevant matters, some prohibiting extremist claims or speech with terrorism tendencies. Under the national security law for Hong Kong, as long as the ordinary residents' claims do not carry on the intention of subversion, terrorism, secession and collusion with foreign forces, some general criticism of the government or officials won't be affected, legal experts said.

Freedom of speech has never been absolute. For instance, the Catalonia separatists in Spain have been harshly punished for instigating riots and chaos, which has also earned support from the international community.

Is it the end to the high degree of autonomy the HKSAR has been enjoying?

Some Western media claim the law could undermine Hong Kong's judicial independence. CNN reported on Wednesday that the law allows the government to pick judges that are potentially sympathetic to particular issues, and could undermine judicial independence.

AFP noted that the law would give the central government unprecedented judicial powers in the HKSAR, with jurisdiction over cases, secret trials without jury and a national security agency.

"There is no jury in national security-related trials in many countries, including Singapore. The members of the jury in Hong Kong are ordinary citizens selected by lottery from the jury pool, and the jury is necessary.
when they can consider a verdict based on common sense. But when it comes to national security-related knowledge, the jury may not provide any additional value," Witman Hung Wai-man, a Hong Kong deputy to the NPC, told the Global Times.

National security affairs are essentially the duty of the central government toward which the HKSAR should fulfill its constitutional responsibilities, while the central government always enjoys fundamental rights, several legal experts told the Global Times. And the law states that "one country" always comes before "two systems."

The law would allow the central government to set up a commissioner's office to safeguard national security in the HKSAR, which would only exercise jurisdiction if the case is complex, involves foreign forces, or if the HKSAR authorities are unable to effectively enforce the national security law, or an imminent threat to national security.

It does not mean an "erosion" of Hong Kong authority. It can be interpreted as a division of responsibilities between central and local authorities to safeguard national security, Lau Siu-kai, a vice president of the Chinese Association of Hong Kong and Macao Studies, told the Global Times.

A protester uses a sharp object against a police officer. The Hong Kong Police Force's newly formed special unit to safeguard national security begins functioning decisively to end riots in the city on Wednesday. More than 370 people have been arrested as of press time. Photo: AFP

Has Hong Kong entered into an authoritarian era?

Some media have also speculated that the law may threaten personal privacy. The Diplomat magazine reported in June that Chinese lawmakers will speed up drafting an amendment to the national security law for Hong Kong, which would facilitate wider law enforcement access to personal data in Hong Kong. It would have an immediate impact on internet companies and financial services providers in Hong Kong.

Many Western countries have their own intelligence agencies and national security laws when it comes to riots and violence. They enforce the laws in a much more intense manner compared to what authorities have done in Hong Kong, Lau told the Global Times. "I think such a claim is double standard, which deliberately slanders the legislature," Lau
They themselves know that every government has the power and the responsibility to safeguard its national security. Why can't the Chinese central government exercise such power over Hong Kong, which is part of China? Lau asked.

Will "unjustified" law enforcement and the "secret police" turn HK into a police state?

Extremists and pro-independence forces, including Joshua Wong, Agnes Chow and Nathan Law, announced their withdrawal from anti-government groups hours before the law took effect, with Wong saying that "with sweeping powers and an ill-defined law, the city will turn into a secret police state," media reported.

Such claims were later referred to the special unit set up under the Hong Kong Police Force, upon approval of the Chief Executive of HKASR, carrying out interception of communications and conducting covert surveillance on a person who is suspected, on reasonable grounds, of having been involved in the commission of an offense which endangers national security, according to the law.

There have been similar legal arrangements and means in other countries when it comes to national security-related matters. For example, in the US, the 9/11 attacks in 2001 brought the US government's fear of terrorism to a boiling point, leading to the Patriot Act. The law expanded the powers of US law enforcement agencies in monitoring citizens' information and in detaining and expelling expatriates suspected of having links to terrorism.

The essence of the national security law is to use severe punishment as a deterrent to eliminate the crimes that might have occurred, Lau said, noting that it is not a truly effective national security law if raids and frequent prosecutions are needed.

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More than 70 countries voice support for China’s HK national security law at UNHRC

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Representatives from more than 20 countries voiced support for China's enactment of the national security law for Hong Kong at the United Nations Human Rights Council (UNHRC) in Geneva on Wednesday and Thursday, following a joint statement that Cuba made on Tuesday on behalf of 53 countries to endorse the passage of the law.

Russia's representative said Russia firmly supports China in implementing the "one country, two systems" principle in the Hong Kong Special Administrative Region (HKSAR) and that Hong Kong affairs are entirely China's internal affairs.

Laos' representative said Laos welcomes China's effort to safeguard national security through the establishment and improvement of the legal system and enforcement mechanism for the HKSAR. Representatives from Myanmar and Cambodia stated the legislative power for national security falls under the sovereignty of one country, and China's national security law for Hong Kong is conducive to safeguarding national security and maintaining the "one country, two systems" principle. They hope the HKSAR can maintain peace, stability and prosperity without interference from foreign countries.

The representative from Afghanistan stressed that the law will not undermine the "one country, two systems" principle and the legitimate rights, freedoms and interests of Hong Kong residents. Cabo Verde's representative said China's national security law for the HKSAR comes under China's sovereignty and it has nothing to do with human rights issues.

Burundi said it welcomes China's efforts to promote and protect human
rights and its contributions to the international human rights cause. The representative said the law will protect the human rights of Hong Kong residents, noting that both the HKSAR and the Xinjiang Uygur Autonomous Region are integral parts of China. Burundi urged relevant countries to immediately cease acts that are in violation of the Charter of the United Nations, which include using Hong Kong and Xinjiang affairs and human rights issues to interfere in China's internal affairs.

**North Korea.** Venezuela and Cameroon said they resolutely opposed relevant countries use of Hong Kong and Xinjiang affairs to interfere in China's internal affairs.

Serbia, Armenia and Chad expressed their adherence to the one-China principle, support for China's efforts to safeguard its sovereignty and territorial integrity, and the "one country, two systems" principle.

Nepal and Kyrgyzstan also stressed that Hong Kong affairs are China's internal affairs. Tanzania emphasized that both Hong Kong and Taiwan are integral parts of China and said it opposes the politicization of human rights issues.

The Maldives said that China is one of its important cooperative partners and the development of bilateral relations has always been based on the principle of mutual respect for sovereignty and territorial integrity. Under the "one country, two systems" principle, Hong Kong residents will enjoy stability, prosperity and freedom.

Ethiopia, Cote d'Ivoire and Madagascar said Hong Kong affairs were China's internal affairs. They said the UNHRC should abide by the principles of objectivity, impartiality, constructiveness, non-politicization and non-selectivity, and it should refrain from politicizing human rights issues or adopting double standards.

Indonesia, Vietnam, Bahrain, Sudan, Algeria, Nigeria and Morocco said that all countries should abide by the basic norms governing international relations, including non-interference in other countries' internal affairs, and said they oppose interference in other countries' internal affairs using the excuse of human rights issues.

Global Times

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Posted in: HK/MACAO/TAIWAN
National Security Law to protect HK democracy, freedom: Global Times editorial

Source: Global Times Published: 2020/6/30 23:55:07

The Standing Committee of the National People's Congress (NPC) passed the National Security Law for Hong Kong on Tuesday. The law took effect at 11 pm on Tuesday. The full text of the law shows that the law's goal is in line with national security laws across the world. There is nothing in it that suppresses democracy and freedom in Hong Kong. The four categories of crimes the law strikes have nothing to do with freedom of speech, assembly and association. Claims that the law was enacted to strengthen control on Hong Kong society are either prejudiced interpretations or ill-intentioned propaganda.

Hong Kong needs a law to safeguard national security. This is the principle established in the Basic Law. Article 23 of the Basic Law stipulates that the Hong Kong Special Administrative Region "shall enact laws on its own" for the sake of national security. But there had been a vacuum in relevant legislation due to opposition forces' obstruction. The city's unrest is directly related to the absence of the national security law. Eventually, it is logical for the central government to take action and for the Standing Committee of the NPC to legislate it.

Neither the central government nor Chinese society wants to cancel "one country, two systems." However, "one country, two systems" does not mean few extreme forces in Hong Kong can collude with the US and other external forces to mess up the city, nor does it allow for violent protests - the so-called beautiful sight - to exist in Hong Kong.

The National Security Law safeguards "one country, two systems" and will prevent Hong Kong from becoming the most turbulent city in Asia. Inside this barrier, democracy, freedom, pluralism and openness will not
be suppressed. Instead, they will be more fully released.

"One country, one system" is an accusation made by Hong Kong's extreme forces and the US and other external forces. The Chinese mainland does not have such intentions. However, there is a malicious scheme to pull Hong Kong from China into the US' power circle and turn the city into a fulcrum for the US to contain China. Some forces in Hong Kong have been actively coordinating with such a scheme.

These forces have dragged Hong Kong off the right track of development. Over the past few years, the city has suddenly become highly politicized and violent, caring not about its precious status as an international financial hub. It turned into a puppet of the US and lost its way.

It is the National Security Law's core mission to heal these fatal injuries to Hong Kong. In a few hours before it was passed on Tuesday, several Hong Kong secessionist groups announced to disband. The Hang Seng index rose on Tuesday. All these will increase Hong Kong society's confidence in the implementation of the law.

Before China passed the National Security Law for Hong Kong, the US announced to revoke its preferential treatment to Hong Kong. But the US only suspended the availability of export license exceptions and ended exports of US defense equipment to Hong Kong. It does not touch Hong Kong's status as a separate customs territory. Thus, the international public opinion generally believes its direct impact will be modest. China is prepared to deal with a worse situation, and the US' threat has failed.

No city's vitality and prosperity can be endowed externally. With the help of the National Security Law, Hong Kong needs to step up to stabilize and refocus on economic and social development. Relying on the mainland's super economy, Hong Kong's status as an international financial hub cannot be taken away by anyone.

The National Security Law for Hong Kong is not retroactive, and this makes 11 pm, June 30, 2020 a watershed. Those who are aware of the current situation and change their course will be safe. As for those who continue to do evil, the National Security Law for Hong Kong awaits. The law carries a maximum penalty of life imprisonment - a tiger with teeth. In particular, the chief perpetrator will face severe punishment.

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National security law will be new start for HK: Global Times editorial

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Chief Executive of the Hong Kong Special Administrative Region Carrie Lam visits a street stand and signs a petition in support of the national security legislation in Hong Kong on May 28. Photo: Xinhua

The national security law for Hong Kong is expected to be passed soon, and has already had an effect in Hong Kong's society.

Anson Chan Fang On-sang, Hong Kong's former chief secretary, a key figure in the city's unrest, announced on Friday she will quit politics. Martin Lee Chu-ming, one of the "Gang of Four" in disrupting Hong Kong, openly criticized Hong Kong secessionists in a recent interview. Wayne Chan Ka-kui, convener of the illegal "Hong Kong Independence Union," has fled to Europe. Horace Chin Wan-kan, author of the book On the Hong Kong City-State, also announced he is quitting the social movement in the city. Some people say that Hong Kong's traitors are turning upside-down in the face of the coming national security law.

The national security law for Hong Kong will definitely become a new starting point for the city, but struggles will continue. Chinese society, including Hong Kong society, must be prepared to support the enforcement of the law in the city after it is passed, to punish a few diehards who have been committed to jeopardizing national security, and to fight some tough battles against US interference in Hong Kong, to truly establish a line of defense on national security there.

The few die-hard radical forces in Hong Kong should be warned that the national security law could never be overthrown by mobilizing enough people to protest in the streets as they did with the extradition bill last year. This time, it is the National People's Congress which enacted the legislation, and the whole country will play a role in Hong Kong. The strength and will of 1.4 billion Chinese people will not let it fail.
Hong Kong has returned to China, but a handful of extremists are willing to be pawns of anti-China force of the US. They use the latter's support as their leverage in Hong Kong to stir up trouble for political gain. They have betrayed Hong Kong and their country. They have made the wrong bet, and now it's their last chance to stop their wrongdoings before it's too late.

The law will not change Hongkongers' way of life, nor will it deprive people of any legal rights there, including freedom of speech. But instigating Hong Kong secession and encouraging foreign forces to "sanction" Hong Kong are equivalent to treason. They have nothing to do with the freedom required by Hong Kong people, and are loopholes in the rule of law.

The forces that oppose the national security law are bound to lose, because the law is righteous. Its political and legal legitimacy can withstand the test of history. The forces who support the law are morally justified and will be motivated. Those who oppose it are opportunistic, and will be easily shaken.

Washington's will to invest in Hong Kong's unrest is limited. Such a will does not match Beijing's resolve to defend "one country, two systems." When the national security law for Hong Kong confronts the US' so-called Hong Kong Human Rights and Democracy Act, the latter will be immediately overwhelmed.

The US is entangled in COVID-19, and the fallout from racial issues is unprecedented. It has no ability to sustain a long-term intensive attack against China's core interests. The development of Hong Kong's situation will be dominated by China, and the city will gradually return to the right track under the framework of the Basic Law. All people living in Hong Kong must understand that the city will not be determined by the US.

All people and forces that go against such a trend will lose. It is best for them to immediately make adjustments that respect the national security law for Hong Kong.

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Official denies national security law treats HK as "one country, one system"

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A flag-raising ceremony is held at the Golden Bauhinia Square to celebrate the 23rd anniversary of Hong Kong's return to the motherland, in Hong Kong, south China, July 1, 2020. (Xinhua/Li Gang)

The national security law for Hong Kong perfectly combines the "one country" principle with respect for the differences in the "two systems," said Zhang Xiaoming, deputy director of the Hong Kong and Macao Affairs Office of the State Council, denying that the law violates "one country, two systems."

"If we are going to have 'one country, one system' as claimed by some Western politicians, we could just directly apply the criminal law and other national laws to Hong Kong. Why go through so much trouble to tailor a national security law specifically for Hong Kong?" Zhang said at Wednesday's press conference held in Beijing.

Some countries are threatening to sanction Chinese officials, I believe this is the logic of bandits, Zhang said. He said that some Americans stretched their hand too far, and as long as the US intervenes, the Chinese government and the Hong Kong government are bound to counter it.

Zhang, who sees the national security law as a birthday gift to Hong Kong on the 23rd anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR), said the future will reveal the law's precious value.

Some people say that the enactment of the national security law is aimed at preventing opposition forces from being elected to the Legislative Council. Such speculation makes our legislative purpose too utilitarian and short-sighted, Zhang said.
The national security law for Hong Kong does not treat the whole pan-democracy camp in Hong Kong as an enemy, and targets only a few people, and not the entire opposition force, Zhang said.

In explaining article 60 of the law, which says that acts performed in the course of duty by the Office for Safeguarding National Security of the central government in the HKSAR and its staff in accordance with this law shall not be subject to the jurisdiction of the HKSAR, Zhang said that the power exercised by the national security office in Hong Kong goes beyond the autonomy of the HKSAR, and no local organs in Hong Kong have jurisdiction over the office.

As for whether criminal suspects in Hong Kong will be sent to the Chinese mainland for trial, Zhang explained that the central government and HKSAR will have two different law enforcement and judicial teams, and different systems for filing cases, investigation, trial and sentencing, which will jointly form the mechanism to safeguard national security for Hong Kong. According to Legislation Law, lawmakers can vote draft laws for those where consensus is reached after two readings, and national security law for Hong Kong went through two readings before enactment, Shen Chunyao, head of the Legislative Affairs Commission of National People's Congress (NPC) Standing Committee, said at Wednesday's media briefing.

Chinese authorities did not publish the full text of the draft national security law for opinions from society due to the law's sensitivity, but sought opinions from related parties through multiple channels, especially from Hong Kong representatives, Shen said.

According to the Legislation Law, the chairman of the NPC Standing Committee can decide which draft laws to not make public.

The law came into force at 11 pm local time on Tuesday.

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Seized by the Police, an Outspoken Chinese Professor Sees Fears Come True

Xu Zhangrun, who has long taught law at the prestigious Tsinghua University, is one of the few academics in China who have harshly criticized the ruling Communist Party.

By Chris Buckley

Published July 6, 2020 Updated July 7, 2020

The Chinese law professor had stored a few pairs of underwear and a toothbrush in a small bag, close at hand for the day when the police detained him for his unsparing criticism of the Communist Party under Xi Jinping.

That day appears to have arrived.

On Monday morning, the police showed up in force at the home of the scholar, Xu Zhangrun, in northern Beijing and took him away, according to three friends. He was detained on an accusation of consorting with prostitutes, according to Geng Xiaonan, a friend who said she had spoken to the scholar's wife and students.

“It’s just the kind of vile slander that they use against someone they want to silence,” said Ms. Geng, a businesswoman involved in film and publishing.

“He foresaw this day,” she said. “He kept some clothes in a bag hanging inside his front door, so he wouldn’t have to go without a change when they took him away.”

Professor Xu, 57, is one of the few prominent Chinese academics who have dared to speak out against the ruling party as Mr. Xi has tightened controls on universities. He came to wider prominence after publishing an essay in 2018 that, without naming Mr. Xi, condemned his government for stifling even the narrow space for debate that the party had previously tolerated.

Now Professor Xu may join the growing list of critics of the party who have been imprisoned, unless the authorities decide that staining him with a lesser criminal charge — such as soliciting prostitution — is enough and let him go soon. The authorities have used similar charges in the past in what appeared to be attempts to discredit government critics.

“The old saying from the Song dynasty goes ‘If you want to accuse someone of a crime, there’ll always be an excuse!'” Geremie R. Barme, an Australian Sinologist in New Zealand who has translated many of Professor Xu's essays, said by telephone.

Over two years ago, Mr. Barme said, Professor Xu mentioned the risk that “they would try and get him on soliciting prostitutes,” and he took care to avoid being set up for the crime.

The Beijing police did not respond to faxed questions and phone calls about Professor Xu's detention and whereabouts; nor did the law school at Tsinghua University, where he has long taught.

In addition to Ms. Geng, the news of his detention was corroborated by two close friends in Beijing who spoke on the condition of anonymity citing worries that they would also be detained. Other friends who had tried to call him throughout the day said that he did not respond to messages and that his phone was off.

Professor Xu's detention is the latest example of the Chinese government's expansive efforts to quash dissent. Since Mr. Xi came to power, the party has mounted an intense campaign in universities and among publishers to discredit and silence liberal ideas, such as constitutional checks on party power and an unfettered civil society.

Last week, Beijing imposed a sweeping national security law to tighten its control over Hong Kong, a former British colony. Professor Xu's case could magnify fears in Hong Kong that intellectual critics of the Chinese Communist Party in the semiautonomous territory could also face arrest.
In April, the Communist Party authorities confirmed that Ren Zhiqiang, a real estate tycoon in Beijing who once hobnobbed with party leaders, was under investigation after writing a bold online essay that derided Mr. Xi as a power-hungry “clown.”

Xu Zhiyong, a law academic turned activist who was previously imprisoned after organizing a campaign for civic rights, was detained again earlier this year after attending a gathering of rights activists and issuing a blistering denunciation of Mr. Xi’s handling of the coronavirus outbreak. The two Mr. Xus are not related.

“Professor Xu’s arrest this morning is yet another reminder — as if more were needed — of how easily and willingly the Chinese authorities abuse the law to target those who express views they don’t want people to read or hear,” said Joshua Rosenzweig, the head of Amnesty International’s China team. “One of the biggest concerns has to be that the police will charge him with national security charges.”

Professor Xu’s recent political writings have been censored and banned in mainland China, although they circulate surreptitiously on the internet. But he has published several books in Hong Kong, including two collections of essays last year.

“He avoids entirely the wooden language of Chinese officialdom,” Mr. Barmé said. “He writes using a language of profound classical resonance that also refers to some of the greatest Western writers.”

Professor Xu has taught at Tsinghua University — a prestigious school in Beijing that was attended by Mr. Xi and other Communist Party leaders — for over 20 years after completing a doctorate at the University of Melbourne in Australia. For many years, he researched criminology and Chinese legal thought, without attracting the ire of the authorities.

He first drew widespread attention and scorn from defenders of the party for an essay in 2018 that denounced Mr. Xi’s increasingly hard-line politics. He then unleashed a burst of essays that, using barbed, elegant Chinese, condemned and ridiculed the swelling dominance of the party under Mr. Xi.

“People nationwide, including the entire bureaucratic elite, feel once more lost in uncertainty about the direction of the country and about their own personal security,” Professor Xu wrote in his essay from 2018.

Tsinghua banned him from teaching and conducting research in 2019, but he kept writing despite warnings from university officials and the threat of additional punishment. This year, he issued essays blasting the Chinese government for delays and deception in the first months of the coronavirus epidemic, which began in Wuhan, a city in central China.

“The coronavirus epidemic has revealed the rotten core of Chinese governance,” Professor Xu wrote in February, according to a translation by Mr. Barmé.

In that essay and a later one, Professor Xu said he understood the risks he faced for continuing to speak out.

“I can all too easily predict that I will be subjected to new punishments,” he wrote in May. “Indeed, this may well even be the last thing I write.”
Harsh Penalties, Vaguely Defined Crimes: Hong Kong’s Security Law Explained

The legislation grants Beijing broad powers to crack down on a variety of political crimes, including meting out life imprisonment for “grave” offenses. But the law is rife with ambiguities.

By Javier C. Hernández

June 30, 2020

The sweeping new national security law that China imposed on Hong Kong, aimed at stamping out opposition to the ruling Communist Party in the former British colony, is as “devastating” as some critics feared, a human-rights activist said on Wednesday.

Conceived in secrecy and passed on Tuesday without serious input from Hong Kong authorities, the law sets up a vast security apparatus in the territory and gives Beijing broad powers to crack down on a variety of political crimes, including separatism and collusion.

In what initially appeared to be an early test of the law, a man was arrested on Wednesday after he unfurled a Hong Kong flag during demonstrations and the police said on Twitter that he had been detained for “violating the # NationalSecurityLaw.” It was “the first arrest made since the law has come into force,” the police said. But a closer look at the banner appeared to show words that translated to “No to” in small letters and “Hong Kong Independence” in bigger type. It was unclear if the police were aware.

The law is likely to usher in a new era for Hong Kong, experts say, in which civil liberties are tightly constrained and loyalty to the party is paramount. “All in all, this is a takeover of Hong Kong,” said Jerome A. Cohen, a New York University law professor who specializes in the Chinese legal system.

Here’s a guide to the new rules.

The law targets protesters with harsh penalties, including life imprisonment.
The security law, which includes 66 articles and more than 7,000 words, takes direct aim at the spirited antigovernment protests that have convulsed Hong Kong over the past year, prescribing harsh penalties for the tactics commonly used by demonstrators.

As they led a months-long campaign last year to resist what they called Beijing’s encroachment on Hong Kong’s civil liberties, protesters worked to disrupt the city’s reputation for efficiency and orderliness. Some groups attacked police stations, vandalized shops and restaurants and briefly paralyzed the airport.

Under the new law, damaging government buildings would be considered an act of subversion punishable by life imprisonment in “grave” cases. Sabotaging transport would be deemed a terrorist activity punishable by life in prison if it harms other people or causes significant damage to public or private property.

The four major offenses in the law — separatism, subversion, terrorism and collusion with foreign countries — are ambiguously worded and give the authorities extensive power to target activists who criticize the party, activists say.

“This law is to punish a tiny number of criminals who seriously endanger national security — a sharp sword hanging high over their heads that will serve as a deterrent against external forces meddling in Hong Kong,” Zhang Xiaoming, a deputy director of the central Chinese government office for Hong Kong, said at a news conference in Beijing on Wednesday.

Mr. Zhang said that a separate legal system under mainland laws would be used for some of the most serious and imminent national security cases. But he did not specify whether this could be done by bringing mainland prosecutors, judges and prison guards to Hong Kong or by extraditing prisoners to mainland China.

“The law is devastating in that it appears to have no bounds,” said Sophie Richardson, the China director at Human Rights Watch. “Hong Kong activists, accustomed to operating in mostly rights-respecting environment, now face a frightening void.”

**Beijing now has broad authority to intervene in Hong Kong’s legal system.**
Hong Kong’s residents have long cherished the city’s independent judiciary, a legacy of British colonial rule that stood in stark contrast to the secretive, party-controlled courts in mainland China.

Under the security law, however, Beijing has given itself wide latitude to interfere in Hong Kong’s legal affairs, insulated from scrutiny by local courts and lawmakers. The legislation will install in Hong Kong a formidable network of security forces answering to Beijing. They include a national security committee in the Hong Kong government and a national security office made up of mainland Chinese officers stationed in Hong Kong and handling cases according to mainland Chinese law.

Under the legislation, the central government in Beijing can intervene in national security cases, especially during crises or if a case is deemed “complex.” The law opens the way for defendants in important cases to stand trial before courts in mainland China, where convictions are usually assured and penalties are often harsh. Trials involving state secrets could be closed to the news media and the public.

The law could bring to Hong Kong many harsh legal practices common in mainland China, experts said. Broadly, the law says that the rights of suspects and defendants in national security cases should be respected. But apart from a presumption of innocence and the right to defend oneself, it does not offer much clarity on those protections, leaving open the danger that some of the harsh, unaccountable practices common on the mainland could spread to Hong Kong.

“As a national security suspect, you can be locked up for as long as six months incommunicado, subject to torture, coerced confession, no access to counsel or family or friends, before the police decide whether to process you for a crime,” said Mr. Cohen, the law professor, speaking about practices common in mainland China.

The law sends a warning to the U.S. and other countries.
Beijing has repeatedly sought to portray the unrest in Hong Kong as the work of foreign countries, especially the United States, accusing them of taking part in a plot to sow chaos in China and topple the Communist Party. Chinese officials have spread unfounded conspiracy theories suggesting that Western countries are funding and directing the activists.

Several parts of the security legislation take aim at the perceived role of foreigners in political activism in Hong Kong.

The new rules apply even to those who are not residents of Hong Kong, with Article 38 suggesting that foreigners who support independence for Hong Kong or call for imposing sanctions on the Chinese government could be prosecuted upon entering Hong Kong or mainland China.

The law also states that national security officials in Hong Kong will “take necessary measures to strengthen the management” of foreign nongovernmental organizations and news outlets in the territory. And, the legislation does not offer specifics.

The legislation seems to be aimed at silencing criticism of the party’s policies in Hong Kong among rights activists, journalists and government officials outside China, experts said.

“The law’s broad extraterritorial scope could well have a chilling effect on overseas NGOs, limiting their ability to partner with Hong Kong groups on sensitive issues like human rights and political reform,” said Thomas E. Kellogg, executive director of the Center for Asian Law at Georgetown University.

Mr. Kellogg said that more restrictions on nongovernmental groups working on issues like human rights, the rule of law and the democratic development in Hong Kong were likely to emerge in the coming months.

The provisions targeting foreigners will most likely worsen tensions between China and the United States, with relations already at their lowest point in decades. The Trump administration has promised a series of punishments in retaliation for the national security legislation, including visa restrictions and limits on exporting defense technology.

On Tuesday, Secretary of State Mike Pompeo criticized the passage of the legislation, tweeting: “The CCP’s draconian national security law ends free Hong Kong and exposes the Party’s greatest fear: the free will and free thinking of its own people.”
He also said in a statement, “The United States will not stand idly by while China swallows Hong Kong into its authoritarian maw.”

Hong Kong Bans Protest Song and Other Political Expression at Schools

Singing “Glory to Hong Kong,” posting slogans and forming human chains as a form of protest are banned under new guidelines issued by the city’s education secretary.

By Gerry Mullany

Published July 8, 2020 Updated July 9, 2020, 2:09 a.m. ET

Hong Kong’s education secretary on Wednesday banned students from singing the protest anthem “Glory to Hong Kong,” posting slogans with political messages or forming human chains, saying “the schools are obliged to stop” such activities.

The statement by the secretary, Kevin Yeung, ratcheted up the pressure on the pro-democracy movement as Hong Kong residents struggle to determine what is acceptable behavior under a strict new national security law that China imposed on the semiautonomous territory last week.

Students, including middle schoolers, have been a driving force in Hong Kong’s protest movement. Beijing’s imposition of the national security law last Wednesday — and the subsequent arrests of teenagers at protests — has led some families to express concerns that their children could be in jeopardy for singing pro-democracy songs or even for expressing such sentiments in their homes.

Mr. Yeung made the directive in a statement responding to a question from a Hong Kong legislator, Ip Kin-yuen.

The education secretary said that students had been “misled and incited to express their political stance in different ways (such as boycotting classes, chanting slogans, forming human chains, and posting slogans or singing songs which contain political messages in schools).”

Hong Kong’s education system has emerged as a particular target of the Chinese government and pro-Beijing forces in the city. China sees Hong Kong’s failure to impose a patriotic education curriculum in the schools as helping to turn them into breeding grounds for the radicalization of students. Hong Kong’s university campuses were the site of some of the most intense confrontations between the police and protesters last year.

In his statement, Mr. Yeung said that the unofficial anthem of the protest movement, “Glory to Hong Kong,” should not be played, broadcast or sung in schools. The song, written and composed anonymously and then modified in online forums popular with protesters, became a rallying cry at demonstrations during the yearlong protests that engulfed the city.

The song, Mr. Yeung said, “contains strong political messages and is closely related to the social and political incidents, violence and illegal incidents that have lasted for months.”

“Therefore, schools must not allow students to play, sing or broadcast it in schools,” he added.

The new national security law prohibits any activities found to be secessionist, subversive or terrorist in nature. The law created uncertainty around the legality of the main pro-democracy slogan, “Liberate Hong Kong — revolution of our times!” which pro-Beijing elements in the city view as a call for independence from China. But independence was not one of the five demands of the pro-democracy movement.

In calling for the curtailment of political behavior at schools, the education secretary said that at least 1,600 students under the age of 18 had been arrested in the protests.

“The schools are places for students to learn and grow,” he said. “They should not be used as a venue for anyone to express their political demands.”
Hong Kong Has Lost Autonomy, Pompeo Says, Opening Door to U.S. Action

By Edward Wong

WASHINGTON — Secretary of State Mike Pompeo announced on Wednesday that the State Department no longer considered Hong Kong to have significant autonomy under Chinese rule, a move that indicated the Trump administration was likely to end some or all of the United States government’s special trade and economic relations with the territory in southern China.

Mr. Pompeo’s action came just hours before China was expected to pass a national security law that would allow Chinese security agencies to take broad actions limiting the liberties of Hong Kong residents, many of whom have protested the proposed law and clashed with police officers.

The United States and China appear to be on a collision course over the future of Hong Kong, a center of global capitalism and symbol of resistance to the Chinese Communist Party. Relations between the two nations are at their worst in decades, and disputes have flared over trade, national security and the origins of the coronavirus.

President Trump’s foreign policy aides are discussing actions that would be among the harshest punishments taken against China over the past three years. The actions could have far-reaching consequences for global commerce and transform how Chinese and foreign companies operate, as well as upend the lives of many of Hong Kong’s 7.5 million residents, who have been under enormous pressure from years of political crackdowns.

Hong Kong has been a financial and commercial hub since late last century. China relies on the bustling city of ports and skyscrapers on the edge of the South China Sea for transactions with other countries. Many Chinese and foreign firms use Hong Kong as an international or regional base, and members of elite Communist Party families or executives with ties to them do business and own property there. Many companies also raise capital by listing on the Hong Kong Stock Exchange.

Mr. Pompeo has said the security law would be a “death knell” for Hong Kong, which has had liberties under a semiautonomous system of governance that do not exist in mainland China, including freedoms of speech, the press and assembly, as well as an independent judiciary.

In recent days, protesters in Hong Kong have taken to the streets to voice outrage at the proposed law, only to be beaten back by police officers clad in riot gear and firing tear gas.

American diplomats said they called on Wednesday for a virtual meeting of the United Nations Security Council to discuss Hong Kong, but China blocked the move.

If it proceeds with punishments, the Trump administration could impose the same tariffs on exports from Hong Kong that it puts on goods from mainland China, said officials with knowledge of the discussions. Other trade restrictions that apply to China, including bans or limits on what American companies can sell to Chinese companies because of national security or human rights concerns, may be imposed on Hong Kong as well.

Some of Mr. Trump’s advisers are discussing visa bans on Chinese officials who enact the law.

“I certified to Congress today that Hong Kong does not continue to warrant treatment under United States laws in the same manner as U.S. laws were applied to Hong Kong before July 1997,” Mr. Pompeo said Wednesday. “No reasonable person can assert today that Hong Kong maintains a high degree of autonomy from China, given facts on the ground.”
“Hong Kong and its dynamic, enterprising and free people have flourished for decades as a bastion of liberty, and this decision gives me no pleasure,” he added. “But sound policymaking requires a recognition of reality. While the United States once hoped that free and prosperous Hong Kong would provide a model for authoritarian China, it is now clear that China is modeling Hong Kong after itself.”

Mr. Pompeo is the most vocal of a group of national security officials who advocate tough policies on China. Some of Mr. Trump’s top economic advisers prefer a more conciliatory approach to dealing with China, the world’s second-largest economy, and will likely urge caution. American corporate executives have said the administration should act with care.

Mr. Trump has rarely made any strong comments on the situation in Hong Kong, and he has praised Xi Jinping, the president of China, throughout his time in office, even insisting that they have a strong friendship. Mr. Trump has also been eager to promote a trade agreement he signed with China in January as an economic win for the United States. He wants to avoid jeopardizing that deal, even though Beijing is not meeting purchasing quotas mandated by it.

The president is keen to boost the U.S. economy, which has fallen into recession during the pandemic, ahead of the November presidential election.

But on Tuesday, when asked by reporters about China’s proposed national security law, Mr. Trump said he planned to act this week. “I think you'll find it very interesting,” he said, adding that his response would come “very powerfully.”

The certification by the State Department is a recommendation on policy and does not itself catalyze actions immediately. American officials, including Mr. Trump, will now weigh what steps to take.

The United States is likely to choose specific areas in which to break off cooperation first with Hong Kong, including trade and law enforcement.

The president would need to issue an executive order to end the special relationship entirely, according to people familiar with the discussions. One possibility is for the United States to take piecemeal action over the next year before ending the special status if China does not change course, they said.

“We’re not hopeful that Beijing will reverse itself, but that is an option,” David R. Stilwell, assistant secretary of state for East Asia and the Pacific, said of the Chinese government’s push on the national security law.
Britain handed Hong Kong to China in 1997, after the two nations reached an agreement on the colony 13 years earlier. In 1992, the United States passed a law that said the American government would treat a Beijing-ruled Hong Kong under the same conditions it had applied to the British colony.

In November, after months of pro-democracy protests and crackdowns by the police in Hong Kong, Mr. Trump signed into law a bipartisan bill requiring the State Department to provide an annual certification to Congress to help determine whether to continue the special relationship with Hong Kong.

That certification depends on a judgment by department officials of whether China was ceding enough autonomy to Hong Kong.

Susan Shirk, a former State Department official now at the University of California, San Diego, said that given the mandate from Congress, Mr. Pompeo had no choice on his assessment “once Beijing blatantly overruled the Hong Kong legislature with a new law that integrates Hong Kong” into the Chinese security state.

“Of course, the big losers will be the people of Hong Kong, not the politicians in Beijing or Washington who produced this predicament,” she added.

Mr. Pompeo’s announcement is certain to draw condemnation from Beijing, where the government is holding its annual legislative session this week. Officials announced details of the proposed law Friday, at the start of the session.

“If anyone insists on harming China’s interests, China is determined to take all necessary countermeasures,” Zhao Lijian, a Chinese Foreign Ministry spokesman, said at a news conference earlier Wednesday in Beijing. “The national security law for Hong Kong is purely China’s internal affair that allows no foreign interference.”

Some American business executives are advising the Trump administration to tread carefully on changing the relationship with Hong Kong.

The U.S. Chamber of Commerce, which represents American companies in Hong Kong, said in a statement Tuesday that it was “deeply concerned” about the proposed national security law. It asked the Chinese government to “peacefully de-escalate” the situation and preserve the semi-autonomy of the “one country, two systems” framework that, under the 1984 treaty between Beijing and London, is supposed to exist until 2047.

“We likewise urge the Trump administration to continue to prioritize the maintenance of a positive and constructive relationship between the United States and Hong Kong,” the group said.

It added that “far-reaching changes” to Hong Kong’s status “in economic and trade matters would have serious implications for Hong Kong and for U.S. business, particularly those with business operations located there who exercise a positive influence in favor of Hong Kong’s core values.”

Julian Ku, a law professor at Hofstra University, said the Trump administration had flexibility on which options to exercise.

“I would expect the president would act on some agreements, but not on others,” Mr. Ku said. For example, he noted, the administration might terminate the extradition treaty with Hong Kong, since the national security law makes fair adjudication less credible, or it could put Hong Kong under the same controls that limit American technology exports to China.

Mr. Trump and his aides might also leave visa rules for Hong Kong residents alone for now, he added. “So he has a little flexibility which might allow him to negotiate with China as this process goes forward,” Mr. Ku said.

Mark Williams, the chief Asia economist at Capital Economics, said Mr. Trump’s tariffs on imports from mainland China — which are paid by American companies — would not automatically extend to Hong Kong despite the new State Department assessment. But the cumulative effect of various actions would erode Hong Kong’s status as an international business center, Mr. Williams wrote in a note to clients.
"The irony is that in punishing Hong Kong, we wind up martyring it rather than saving it," said Daniel Russel, an assistant secretary of state for East Asia and the Pacific in the Obama administration. As for diplomacy between Washington and Beijing, he said: "The brake pads in the relationship have worn very, very thin. And it's hard to see this confrontation going anywhere except escalation."

In Congress, Senator Marco Rubio, Republican of Florida and a sponsor of the bill on Hong Kong that passed last fall, cheered Mr. Pompeo's announcement.

"For years, the Chinese government and Communist Party have walked back on its commitment to ensure autonomy and freedom for Hong Kong," Mr. Rubio said. "We cannot let Beijing profit from breaking the Sino-British Joint Declaration and trying to crush the spirit of Hong Kong's people."

On another front, the State Department plans to expand the list of Chinese state-run news organizations operating in the United States on which it has imposed new restrictions, including foreign employee quotas, American officials said. And the agency is watching to see if China will retaliate against American journalists in Hong Kong for the administration's most recent round of visa restrictions against Chinese journalists. In March, China expelled American journalists from three news organizations, including The New York Times.

Michael Crowley and Ana Swanson contributed reporting from Washington, and Keith Bradsher from Beijing.
Hong Kong Opens Door to China's Hulking Security State

A new national security law will allow Beijing's sprawling and secretive security system to establish a visible foothold in the territory.

By Chris Buckley

July 2, 2020

China's state security apparatus has largely worked in the shadows while the Communist Party leader, Xi Jinping, expanded it over recent years into a bulwark against threats to party rule, public order and national unity.

Hong Kong could change that low profile.

Under a national security law that went into force this week, China will openly station security officials in Hong Kong to subdue opposition to the party's rule. The law authorizes these agents to investigate cases, collect intelligence and help oversee enforcement of the rules across schools, news outlets and social organizations. Until now, Chinese agents operated covertly in Hong Kong.

“When I was abducted to China, it was done in secret. Now it can be done openly,” said Lam Wing-kee, a Hong Kong book store owner who was snatched in 2015 and spirited to mainland China. He said that security officials placed him in solitary confinement for five months and interrogated him about publishing gossip-laden books about Mr. Xi and other party leaders.

“Now that the Chinese national security agencies have official protection in Hong Kong, essentially Hong Kong will be no different from any part of China,” said Mr. Lam, who now lives in Taiwan.

The new law for Hong Kong has drawn criticism for introducing ambiguously defined crimes such as separatism and collusion that can be used to stifle protest. On Wednesday, the first full day that the law took effect, the city's police flexed its new muscle by arresting mostly peaceful demonstrators over behavior deemed to challenge Chinese rule over the territory.
But the law also extends China's security state into Hong Kong, where it will operate beyond the scrutiny of local laws and courts. The open yet untouchable nature of these forces signals a drastic shift for the territory, which has promoted itself as an oasis for the rule of law.

For Mr. Xi, Hong Kong represents a logical next step for his expansion of the party's grip over society. Since coming to power in 2012, Mr. Xi has overseen a crackdown that has extinguished political dissent, worker protests, student activism, and ethnic unrest in Tibet and Xinjiang, several experts said.

"There's a lot of parallels between what China has domestically and what they're imposing on Hong Kong," said Ryan Hass, a fellow at the Brookings Institution. When Mr. Hass was a director for China at the White House National Security Council from 2013 to 2017, he dealt with members of China's national security apparatus.

"They're like clouds that hang over society," Mr. Hass said. "They can decide when the sun is allowed to come through, and they can decide when to block it."

Communist Party leaders see Hong Kong, a former British colony, as a dangerous enclave of Western influence, anti-party sentiment and treasonous separatists on the tip of southern China. After its handover to China in 1997, Hong Kong retained its own legal system and civil liberties.

Chinese leaders grew increasingly alarmed and frustrated last year when pro-democracy demonstrations buffeted Hong Kong for months, sometimes bursting into violent standoffs with the police.

"Hong Kong is perceived as a vulnerable link in internal security of all China," said Yun Sun, the director of the China Program at the Stimson Center, who has studied China's national security system. "When Hong Kong people protest on the street, it immediately makes Beijing look bad, because these people are raising questions about China's authoritarian regime."
A Communist Party meeting in October floated a vague proposal to create a national security system for the territory, leaving outsiders to wonder what Mr. Xi had in mind. The law released this week revealed a broadening of China’s security presence in Hong Kong that astonished many for its scope.

The law lays out a plethora of new bodies in Hong Kong to enforce the rules against challenging Chinese rule, even peacefully.

They include a national security committee in the Hong Kong government, and units in the local police and prosecutors’ office to handle cases under the new law.

China has appointed a national security adviser to Carrie Lam, the city’s leader, who will be Luo Huining, the head of an office that represents Beijing in Hong Kong. He made his reputation as a tough enforcer on the mainland.

Beijing will establish its own security office in the territory, made up of mainland Chinese staff. That office will be led by Zheng Yanxiong, a senior Communist Party official from neighboring Guangdong Province, the government said on Friday.

“They will have the effect of intimidating activities by NGOs and other social groups,” said Willy Wo-Lap Lam, a scholar of Chinese politics at the Chinese University of Hong Kong. “Just knowing they are there will have its own effect.”

Beijing has brusquely dismissed criticism, more or less telling Hong Kong people to get used to much more forceful and intrusive policing to maintain order after the unrest last year.

The new law also allows the authorities to prosecute people over political offenses committed abroad, raising the intimidating possibility that migrants from the territory living in, say, Britain or Canada, could be arrested if they returned to Hong Kong after peacefully protesting in their adopted countries.

“The central authorities have the power and responsibility to take all the measures necessary to protect national security,” Zhang Xiaoming, a deputy director of the Chinese government office for Hong Kong, told reporters in Beijing this week. Asked about sanctions imposed by Western countries, he said: “What’s this got to do with you? This is entirely our domestic affair.”
The Chinese conception of “national security,” however, differs from the standard Western idea that focuses on terrorism, external threats and diplomatic rivalry. In Chinese, the very term for it, guojia anquan, also means “state security,” and official policy is more focused on domestic threats and protecting the Communist Party.

China’s Central National Security Commission, which Mr. Xi first convened in 2014 to steer policymaking, is controlled by the Communist Party leadership, rather than the civilian administration, making it — like the People’s Liberation Army — a direct arm of the party.

“The Chinese conception of national security goes way beyond what normal foreign policy would cover,” said Ms. Sun of the Stimson Center. “The pivotal starting point is regime security.”

Even by China’s tight-lipped standards, its security agencies are strikingly secretive.

The Ministry of State Security, which investigates serious national security cases and gathers intelligence at home and abroad, rarely makes public comments and does not have a phone number to answer questions from journalists. The National Security Commission rarely surfaces in public, and clues about its activities must be found scattered on local government websites, which sometimes mention its meetings and directives.

The Commission last met a few months ago, when China was struggling to manage its coronavirus crisis. Mr. Xi called a meeting that focused on the threats facing the country in a pandemic-stricken world, according to brief reports on Chinese government websites.

“We are confronted with more and more nontraditional security threats,” Chen Wenqing, the Chinese minister of state security, wrote in an article for a Communist Party journal in April, one of his rare public statements. “Faced with the schemes of hostile forces at home and abroad to challenge our core interests, we have to make a clear stand and be unafraid of showing our hand.”

Protesters in Hong Kong on Wednesday. The pro-democracy demonstrations over the past year have alarmed and frustrated mainland officials. Lam Yik Fei for The New York Times

In China, national security priorities have become increasingly prominent in propaganda.
Mr. Xi has created a National Security Education Day, observed every April, to warn citizens to be on guard against spies and saboteurs, including foreign agents who are said to lure their targets with romantic dinners. Local governments hold inspections to ensure that companies and factories do not leak secrets. Universities and colleges regularly report on ideological tendencies among students and teachers.

The Hong Kong law also calls for stricter oversight of schools, news media, internet outlets and associations. Advisers from Beijing may help bring in — probably in a more muted form — some of the monitoring and pressure tactics used in China to stifle potential troublemakers, opponents of the law said.

*“We used to think of ‘secret police’ as something abstract,” Nathan Law, a prominent leader of the Hong Kong protests, said in a statement issued by the Hong Kong Democracy Council. “Now it is a very real fear.”*

Mr. Law later indicated in a Facebook post that he had fled Hong Kong out of fear of the security law. He did not disclose his destination.
In Seizing Control, China Sidelines Its Allies in Hong Kong

Local tycoons and British-trained civil servants helped promote Beijing's agenda in the territory. Now Beijing seems ready to push them aside.

By Keith Bradsher and Elaine Yu
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BEIJING — China’s Communist Party has long pursued its agenda in Hong Kong by working through loyalists among the city's top officials, lawmakers and tycoons. That behind-the-scenes approach was a key feature in preserving considerable autonomy for the territory.

Now, as the party prepares to grab more power in Hong Kong after months of sometimes violent unrest last year, it has pushed aside even its own allies in the city. The party's strategy sends a clear message to Hong Kong: In quashing challenges to its authority, Beijing won't hesitate to upend the delicate political balance at the core of the city's identity.

Party-appointed lawmakers in Beijing are expected to pass a sweeping security law for Hong Kong on Tuesday. Yet few among the city's Beijing-backed establishment, even at the highest levels, appear to have seen a draft. Its top leader, Carrie Lam, and secretary for justice, Teresa Cheng, have both acknowledged knowing little about the law beyond what has been reported in the news.

"Your guess is as good as mine," Ms. Cheng said earlier this month.

Bernard Chan, a Hong Kong cabinet official and a member of the Chinese legislature, said that he had not even expected Beijing to act this spring. "I'm actually surprised, caught by surprise with the timing," he said in an interview.

The sidelining of Hong Kong's elite is the latest sign that in his pursuit for power, China's top leader, Xi Jinping, is willing to defy political norms established over decades, and will do so swiftly and secretively. Mr. Xi's decision to have Beijing take charge points to how deeply the months of protests in Hong Kong have unsettled his administration's confidence in its handpicked allies in the city.

Xi Jinping, China's leader, voting in May during the closing session of China's National People's Congress in support of a national security law for Hong Kong. Mark Schiefelbein/Associated Press
“There was a mood among mainland officials that we needed a second handover of Hong Kong to China, and we're moving toward that,” said Jean-Pierre Cabestan, a political science professor at Hong Kong Baptist University. “I don't think Beijing trusts the Hong Kong elites any more.”

Even before Britain returned Hong Kong to Chinese sovereignty in 1997, Beijing was cultivating ties with tycoons who had fled communism in China for the city and built vast fortunes in trading, banking, real estate and industry. The tycoons, together with British-trained civil servants, later formed the establishment Beijing entrusted with running the city alongside an independent judiciary, police, academic system and capitalist model.

The elite have served as Beijing's eyes and ears. They have defended the Communist Party's interests by promoting patriotism and pushing through unpopular laws, including one earlier this month that criminalized disrespect of the national anthem.

But the establishment has struggled to balance Beijing's desire for control with residents' demands to preserve the autonomy that has shielded them from the mainland's feared security services and opaque, often harsh legal system.

When protests erupted last summer, the city's leadership was responsible for trying to quell it but was not empowered by Beijing to make major concessions, resulting in an impasse. The pro-Beijing camp now also sees the Communist Party's new assertiveness as a sign of its impatience with the local establishment's failure to pass national security laws on its own.

“They delegated that authority to us to do it and we failed, we failed 23 years. So they said, OK, we'll take it back,” said Mr. Chan, the top government adviser. “So we can't say anymore that we didn't have a chance.”

Beijing also increasingly recognizes that the influence of its pro-business allies has fueled public anger over the small pensions and costly housing that have made Hong Kong one of the most unequal places in the world. Support for the pro-Beijing camp has fallen to record lows: They suffered a resounding defeat in local district elections in November, and could see potentially heavy losses in legislative elections in September.

The party's push for more overt control throws into question the role of Hong Kong's elite in the coming months and years. Establishment figures now find themselves in the awkward position of having to defend a law they have not seen in detail, amid growing pressure from Beijing to demonstrate loyalty.

“I am also disappointed that we can't see the bill,” Elsie Leung, a stalwart Beijing ally and former secretary for justice, told reporters, in a rare admission. She said, though, that she believed that Beijing had heard different views about the law.
For many in Hong Kong, such reassurances have largely rung hollow. The city's residents are accustomed to very public, sometimes rowdy discussions of new laws by the city's legislature. Confronted with Beijing's secrecy, Hong Kong's democracy activists, scholars and former chief justices have asked: Who would get to rule on cases? Would Hong Kong's residents be extradited to the mainland? Would the law be used retroactively to prosecute protesters?

Mrs. Lam, the city's leader, has sought to allay the public's concerns, saying this week that Beijing had pledged to preserve the city's civil liberties. But she acknowledged not having seen the specifics of the legislation.

Tanya Chan, a pro-democracy lawmaker, said Beijing had undercut the city government's credibility. “How could we believe you?” she said in an interview.

“The entire law is to be imposed on Hong Kong, but the government is willing to be a propaganda machine without having seen the clauses,” Ms. Chan said. “Not only did they not help citizens fight for the right to know, they were blinded themselves.”

Even without releasing a draft of the law, China last week made clear that its passage would grant Beijing expansive powers in the city. It would allow mainland security agencies to set up operations in Hong Kong and for Beijing to assert legal jurisdiction over some cases. The law calls for a mainland security official to be an adviser to Mrs. Lam and for tighter controls on the city's schools, which have been hotbeds of sometimes violent activism.

The pro-democracy lawmaker Tanya Chan, center, holds a placard reading, "A murderous regime stinks for 10,000 years," at a meeting of Hong Kong's Legislative Council on June 4. Vincent Yu/Associated Press

The law would make it a crime to collude with foreigners, push for independence, subvert the state or otherwise endanger the party's rule. Beijing has not yet disclosed how these crimes will be defined, but many pro-democracy lawyers and activists fear they will be applied broadly to muzzle dissent and shut down the opposition.

The Chinese government crafted the national security plan this spring with such stealth to prevent the city's tycoons and professionals from lobbying against it.

“Beijing this time has kept its secret very well,” said Lau Siu-kai, a former senior Hong Kong government official who now advises Beijing on the territory's policies. These days, he added, “the military and the national security people are more influential in Hong Kong affairs.”
Besides marginalizing the party’s allies in Hong Kong, Mr. Xi also removed and replaced several of Beijing’s longest-serving officials dealing with the territory’s affairs, including Sun Lijun, a deputy minister of public security.

Up until January, the head of Beijing’s powerful Liaison Office in Hong Kong was Wang Zhimin, who was a fixture on the Hong Kong cocktail party circuit, hobnobbing with bankers, captains of industry and top civil servants. Mr. Wang was said to have been criticized in Beijing for not foreseeing the grass-roots anger that fed Hong Kong’s protests.

He was replaced by Luo Huining, an official from central China who spent much of his career as a tough security enforcer in northwestern China. Unlike Mr. Wang, Mr. Luo does not speak Cantonese, makes few public appearances in Hong Kong and often works from a backup office in Beijing, not Hong Kong. Mr. Xi also installed a trusted aide as the new head of an office in Beijing that oversees Hong Kong affairs.

“These new leaders are little known in Hong Kong,” said Regina Ip, a Hong Kong cabinet member and the leader of a pro-Beijing party in the legislature.

As Hong Kong has become deeply polarized between Beijing’s allies and democracy advocates, a shrinking political center has looked for compromises. But it is unlikely to wring major concessions from Beijing.

James Tien, a moderate politician and honorary chairman of the pro-establishment Liberal Party, has emerged as one of the few establishment figures willing to acknowledge that Beijing’s move is deeply unpopular and unsettling, despite the party’s assertion that the law enjoys wide support.

“I think most people will say that we don’t like it, we don’t want it,” he said last week in an interview with Radio Television Hong Kong. “But there’s nothing much we could do.”

Keith Bradsher reported from Beijing and Elaine Yu from Hong Kong.
Hong Kong, Changed Overnight, Navigates Its New Reality

In a city where China has made some ideas suddenly dangerous, people are trying to figure out where the boundaries lie, and how their lives have changed.

By Vivian Wang, Elaine Yu and Tiffany May

July 5, 2020

HONG KONG — A barge draped with enormous red banners celebrating China’s new security law was sailing across Hong Kong’s famed Victoria Harbor only hours after the legislation passed. The police now hoist a purple sign warning protesters that their chants could be criminal. Along major roads throughout the city, neon-colored flags hailing a new era of stability and prosperity stand erect as soldiers.

In recent days, as China took a victory lap over the law it imposed on the city Tuesday, the defiant masses who once filled Hong Kong’s streets in protest have largely gone quiet. Sticky notes that had plastered the walls of pro-democracy businesses vanished, taken down by owners suddenly fearful of the words scribbled on them. Parents whispered about whether to stop their children from singing a popular protest song, while activists devised coded ways to express now-dangerous ideas.

Seemingly overnight, Hong Kong was visibly and viscerally different, its more than seven million people left to navigate what the law would mean to their lives. The territory’s distinct culture of political activism and free speech, at times brazenly directed at China’s ruling Communist Party, appeared to be in peril.

For some who had been alarmed by the ferocity of last year’s unrest, which at times transformed shopping districts, neighborhoods and university campuses into smoke-filled battlefields, the law brought relief and optimism. For others, who had hoped the desperate protest campaign would help secure long-cherished freedoms, it signaled a new era of fear and uncertainty.

“This is home,” said Ming Tse, sitting in the cafe he manages, which once loudly supported the protesters. “But I don’t think this place loves us anymore.”

For months, Mr. Tse’s love for his home was advertised at his shop in the working-class neighborhood of North Point. The oat milk carton at the cash register sat behind postcards of protest art. A poster condemned the police shootings of two student demonstrators. Even after opponents of the movement threatened to vandalize the shop last fall, the decorations stayed.
It

At a restaurant in the Tsim Sha Tsui district on Friday, sticky notes bearing pro-democracy slogans — now potentially illegal — had been replaced with blank ones. Lam Yik Fei for The New York Times

But on Thursday, Mr. Tse, 34, took everything down. News reports said police officers had interrogated owners of restaurants with similar protest paraphernalia. The security law criminalizes “subversion” of the government, a crime that the police say encompasses speech such as political slogans.

All that remained was a small plastic dinosaur on the counter, wearing a yellow hard hat. That inexpensive yet tough headgear, worn by protesters who fought with the police, had become a symbol of their scrappy fortitude.

“I don't know if they are so sensitive,” Mr. Tse said. “It’s just a helmet on a dinosaur.”

He paused, then reconsidered: “Actually, everything is sensitive.”

That the lines of criminality had been redrawn became clear on Friday, when the authorities charged a 24-year-old man with terrorism and inciting separatism — the first person to be indicted under the new law. With a “Liberate Hong Kong” flag mounted on the back of his motorcycle, the man careened into a group of police officers on Wednesday, the anniversary of Hong Kong’s return to China from British rule.

Most years, that holiday draws large pro-democracy rallies. But this time, they were banned. Protests were scattered, and the police swept in and arrested hundreds. Ten people, including a 15-year-old girl, were accused of “inciting subversion,” a vaguely defined crime under the new law; some had merely waved flags, bearing slogans that had never been explicitly outlawed.

A few dozen relatives and social workers waited on Thursday outside a police station in North Point where more than 100 of those arrested were being held. Such vigils had become a rite for protesters’ loved ones.
But this one felt more perilous, with crimes under the security law punishable by life imprisonment in the most serious cases. A Chinese official said Wednesday that the law was meant to hang over would-be troublemakers like the sword of Damocles.

The police collected DNA samples and searched the homes of the 10 people arrested on suspicion of inciting subversion — measures that seemed excessive when applied to people accused only of possessing pamphlets, said Janet Pang, a lawyer who is helping some of them.

“You’re supposed to only use power that is necessary, and that’s how the law should be,” she said.

Shortly after noon on Thursday, a pro-democracy activist, Tam Tak-chi, emerged from the station, where he had spent the night after being detained. Mr. Tam met a young man inside who said he had been arrested after the police found a banner in his bag reading “Hong Kong Independence, the Only Way Out.” The man wept on his shoulder, Mr. Tam said.

The Hong Kong government has insisted that free speech is not under threat. But on Saturday, the city’s public library system said that books by some prominent activists had been removed from circulation while officials reviewed whether they violated the new law.

The censorship has crept even into private homes.

In June of last year, Katie Lam took her two young sons to a large rally. Her older son wore a cap that read “Hong Konger” and raised a handmade sign saying, “Don’t shoot us.”

Now Ms. Lam, a data analyst, is anxious about what her sons say at home. One of them is having a birthday party in two weeks, and Ms. Lam wondered if she should hide a print displayed on the piano that reads “Liberate Hong Kong, Revolution of Our Times,” a slogan that the government says could be considered subversive.

The boys loved singing “Glory to Hong Kong,” the unofficial anthem of the protest movement. She worries that the neighbors will hear it.

“Even though we all knew it would happen one day,” she said of China’s intervention, “it’s still painful.”
But in some corners of the city, China's move has been welcome.

The successive blows of the unrest, followed by the coronavirus pandemic, emptied malls and grounded flights, eviscerating Hong Kong's economy. The security law, however unpopular, seemed poised to end the months-long impasse over the protests.

It was Hong Kong's prosperity and worldliness that drew Harry He, 33, to the city from mainland China 10 years ago. He earned master's degrees in finance and engineering and fell in love with his new home: its efficient public transportation, its high food-safety standards. He got married, found work as an insurance agent, bought a home, had a daughter.

Last year shattered that serenity. Once, while he was eating at a restaurant with friends, masked protesters smashed a nearby sushi restaurant owned by a company seen as pro-Beijing, he said. His mainland clients began avoiding Hong Kong.

Mr. He said he had supported the protesters at first. But he soon grew convinced that the authorities needed to restore stability, and that the security law would do so.

"I just don't want to see violence again," he said in an interview in his office tower in Tsim Sha Tsui, a luxury shopping district that was battered by street fighting. "I just want Hong Kong to be as developed and prosperous as before."

Still, even some who embraced stability wondered about its price.

Just as core to Hong Kong's identity as its freewheeling capitalism has been its proud, even gleeful, outspokenness. Street booths often lined the city's busiest shopping districts, blasting dueling political messages. Tiny bookstores crammed into overpriced commercial spaces hawked volumes that were banned in the mainland.
Xu Zhe, a 22-year-old recent college graduate, said the law was needed to address the “terrorism” committed by some protesters. He had been horrified by a clash in November, when some demonstrators poured gasoline on a man who had scolded them, then set him ablaze.

But Mr. Xu also worried that the law could be used to clamp down on dissent, including speech. Mr. Xu, who grew up on the mainland before attending university in Hong Kong, had never had a chance to protest at home. Last year, he attended his first demonstration, a small gathering against violence.

If Hong Kongers lost the right to protest, he said, “I would feel deeply, deeply regretful.”

Few people in the city know the price of protest better than Rowena He, a historian at the Chinese University of Hong Kong. For more than two decades, Professor He has studied the 1989 Tiananmen Square crackdown, when Chinese troops gunned down protesters in Beijing.

Her office is an informal museum of the massacre, with a miniature replica on her bookshelf of the “Goddess of Democracy” statue that the Tiananmen protesters erected shortly before the killings.

On Wednesday, the day after the security law was enacted, one of Professor He's students decided to walk around Hong Kong, documenting a city on the cusp of change. He sent her a photo of a row of Chinese flags, flapping in the wind. On a sidewalk railing nearby, a banner supporting a pastor imprisoned on the mainland had been ripped in half.

“You are a real historian,” Professor He responded.
Even as old markers of resistance have come down, subtler ones have surfaced. Some protesters have turned to puns and created new meaning from well-worn phrases, a tactic long adopted by mainland internet users to skirt government censorship.

On Wednesday, in one of the city’s commercial hubs, someone had spray-painted “Arise, ye who refuse to be slaves” — the opening line of China’s national anthem.

And one shop, in place of protest slogans, hung up nearly two dozen posters of propaganda from Mao-era China, including one that proclaimed: “Revolution is not a crime, rebellion is reasonable.”

Bella Huang contributed research.
How China Scammed Hong Kong

It pays to play the long game against people who want to be free.

By Yi-Zheng Lian

Mr. Lian is a former chief editor of the Hong Kong Economic Journal.

July 1, 2020

After many years of rejecting the people of Hong Kong’s persistent demands for genuine universal suffrage and other rights, China made its position clear again on Tuesday with the legislative equivalent of a cracking head bash.

It chose the eve of July 1, a triple anniversary — of the birth of the Chinese Communist Party (1921), the handover of Hong Kong from Britain to China (1997) and a break-in of the city’s legislature by pro-democracy activists (2019) — to pass a draconian national security law that will forever harm Hong Kong’s political freedoms and hobble its economic relations with the rest of the world.

Hong Kong is a special administrative region of China with its own, supposedly independent, executive, legislative and judiciary branches. Yet the new law was proposed in Beijing, drafted in Beijing and promulgated in Beijing.

It went into force as soon as it was gazetted on Tuesday night — which was also the first time its contents were released to the public.

The law criminalizes acts of secession, the subversion of state power, terrorism and “collusion with foreign or external forces to endanger national security.” Some offenses in each of these categories are punishable with life imprisonment. Property damage alone might amount to terrorism.
Especially severe cases may be referred to the Supreme People's Court of China, to be tried by another court of its choosing under the mainland's law of criminal procedure, which allows for capital punishment in some cases. The death penalty was abolished in Hong Kong in 1993, and no execution had taken place since 1966.

The new law trumps any local laws that are inconsistent with it. A national security commission will be set up in the city, joined by a Beijing-appointed adviser, to oversee the law's implementation. Its work will not be made public, nor will that be subject to judicial review.

The Hong Kong chief executive is to appoint special judges to hear national security cases. The city's Secretary of Justice may deny a defendant a trial by jury. The ultimate power to interpret the law rests with Beijing.

Articles 37 and 38 appear to mean that the law is applicable worldwide — and universally: not only to permanent residents of Hong Kong and entities based in the city while they are abroad, but also to “a person who is not a permanent resident” of Hong Kong who commits an offense from “outside.”

Though the law is being called “national security” legislation, its true, bespoke purpose is to suppress the decades-old pro-democracy movement in the city — which has grown more vocal in recent years as repression from Beijing has increased, with some younger people calling for outright independence for Hong Kong.

Leaders of political organizations that China has previously accused of promoting separatism promptly announced their groups' dissolution on Tuesday.

Politically astute Hong Kongers are only too aware of the Chinese government's propensity to bring bogus charges against its political opponents.

So are some foreign governments. Washington had already announced a spate of sanctions against officials deemed to violate the mainland's obligations to Hong Kong. On Tuesday, it barred defense exports to Hong Kong — and said it would begin to cancel the city's preferential trade status, arguing, correctly, that Hong Kong can no longer be considered to operate with significant autonomy from the mainland.

The European Union’s Parliament recently passed a (nonbinding) resolution urging member states to bring China before the International Court of Justice if the law was passed. Prime Minister Boris Johnson of Britain has pledged to help some three million eligible people from Hong Kong live and work in his country. The government of Taiwan has said that it would grant asylum to some Hong Kongers on humanitarian grounds.

But even foreign politicians sympathetic to the plight of Hong Kong today bear some responsibility for it — if only by dint of their wishful thinking about Beijing's original intentions.

Many seem to have looked upon the first 15 years or so after Britain handed over Hong Kong to China in 1997 as the golden age of the city's semi-autonomy. They endorsed the “one country, two systems” principle that was put forward by the Chinese leader Deng Xiaoping in the 1980s — and enshrined in the Basic Law, Hong Kong's mini-constitution — as a benign concept that would protect the city.

In their view, President Xi Jinping of China has recently reversed, even betrayed, Deng's blueprint for Hong Kong.

But this is faulty thinking. And it would be simplistic, as well as ultimately dangerous, to think that China has been acting in bad faith only under Mr. Xi today.

Deng hardly was a man of concessions. During the late 1980s, while China was relatively weak, he repeatedly advised acting meek and biding one's time. Yet even during negotiations with Britain about the status of Hong Kong, it was he who insisted that Chinese soldiers should be stationed in Hong Kong after 1997, over the advice of some of his top officials. And it was Deng who ordered tanks into Tiananmen Square in 1989 to mow down peaceful demonstrators by the hundreds.

Mr. Xi today isn't betraying Deng's vision for Hong Kong back then: He is only dutifully carrying that vision forward to what is, some three decades later, its natural, logical culmination.

The Basic Law, which was designed in the late 1980s and adopted in 1990, is an inherently cynical document.
It was instrumental in ensuring the smooth transfer of sovereignty from Britain in 1997 because it seemed to contain generous guarantees from China, in particular provisions that safeguarded Hong Kongers’ fundamental political liberties and promised to give them more democratic rights in the future.

But many observers and major political actors in Hong Kong — including some who helped draft the Basic Law — have consistently overrated its apparent assurances, while overlooking the fact that many of those come with sleeper clauses or caveats that can override them.

The Chinese government today isn’t violating the Basic Law, neither in letter nor in spirit, so much as connecting different dots in it. And that is the true horror lurking behind its original concessions.

Take Beijing’s plan now to set up in Hong Kong a commissioner’s office for national security affairs to ensure that the city’s authorities will apply the new law effectively. This move, as I wrote previously, flatly contradicts the following clause of Article 22 in the Basic Law:

“No department of the Central People’s Government and no province, autonomous region or municipality directly under the Central Government may interfere in the affairs which the Hong Kong Special Administrative Region administers on its own in accordance with this Law.”

But that provision also says that “if there is a need” for any such department etc. to “set up offices” in Hong Kong, that department requires nothing more than the consent of the central government (and that of the Hong Kong government, which can be coerced at will).

Likewise, the first clause of Article 39 says that “the provisions of the International Covenant on Civil and Political Rights” and other rights agreements “as applied to Hong Kong shall remain in force.” What if those protections became irksome to Beijing? No problem, there’s Article 160:

“Upon the establishment of the Hong Kong Special Administrative Region, the laws previously in force in Hong Kong shall be adopted as laws of the Region except for those which the Standing Committee of the National People’s Congress declares to be in contravention of this Law. If any laws are later discovered to be in contravention of this Law, they shall be amended or cease to have force in accordance with the procedure as prescribed by this Law.”

And then there’s Article 18. It allows the Standing Committee of China’s rubber-stamping legislative body, the National People’s Congress, to “add to or delete from the list of laws in Annex III” in the name of defense, foreign affairs, national unity or security, “as well as other matters outside the limits of the autonomy” of the city. That annex is a lengthy
appendix of laws passed on the mainland that apply in Hong Kong, all exceptionally.

Article 18 was, naturally, the perfect vehicle for implementing the new national security law.

In the 1980s, when people in Hong Kong were worried about their post-1997 future, the Chinese government played up the concessionary parts of the Basic Law. That was the first, the good-looking, stage in a two-stage plan to absorb the city into the mainland's universe.

The inevitable second stage is unfolding today. Now that Hong Kong is under the watchful eye of both Chinese soldiers garrisoned in the city and their newly loyal local cousins — the increasingly violent and politicized Hong Kong police force — Beijing is activating the sleeper clauses of the Basic Law to feather the deathbed of the city's autonomy.

Politicians and thought leaders in Western countries, as well as older members of Hong Kong's pro-democracy movement, are only beginning to realize — if they are at all — that for three decades or more they have been reading the Basic Law, and China itself, wrong. They believed that the West, by helping China modernize, would also help it democratize and with that, would be protecting Hong Kong.

Many of the younger activists I have come across in Hong Kong think differently. They fault their forebears for buying into the Basic Law and "one country, two systems"; to them, all that was a Communist siren song, a scam.

And so some of them have called for full autonomy for Hong Kong. Such goals may be unrealistic now — and as of Tuesday, even outright dangerous. But they at least expose China's decades of deception and put the world on notice.

Midday on Wednesday, the city police reported their first arrest under the new security law: a man holding a banner that read "Hong Kong independence."

Yi-Zheng Lian, a commentator on Hong Kong and Asian affairs, is a professor of economics and a contributing Opinion writer.

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President Trump Has Tools to Pressure China. Will He Use Them?

History will not be kind to those who did nothing to try to stop Beijing's human rights abuses.

By The Editorial Board
The editorial board is a group of opinion journalists whose views are informed by expertise, research, debate and certain longstanding values. It is separate from the newsroom.

July 1, 2020

Much of the focus on China in recent months has been over the coronavirus that originated there late last year. But that has hardly slowed Beijing's assault on fundamental freedoms and human rights, from the brutal repression of the Uighurs to choking off Hong Kong's limited autonomy.

Congress has acted with admirable alacrity and unanimity to pass tough bills allowing for the imposition of sanctions against the Chinese officials and enterprises behind these outrages. It is now for President Trump, who has shown little enthusiasm so far for tangling with President Xi Jinping over human rights, to use the tools that Congress has placed at his disposal to show Beijing that its transgressions have consequences.

The new national-security law for Hong Kong is the most current and most publicized example of Mr. Xi's repressive, nationalistic policies. The measure severely erodes Hong Kong's civil and political freedoms, undermining the "one country, two systems" model that China pledged when the British colony reverted to Beijing's rule in 1997. One of the first arrests under the new law was of a protester with a pro-independence flag, the display of which is now a criminal offense. As a result, a bipartisan push is now underway in Congress to grant refugee status to certain Hong Kong residents.

But while Hong Kong has garnered the most attention in the West, it is hardly the sole, or even the worst, of the Chinese government's systemic violations of elemental human rights. These are among other recent developments:

- A new report from the Jamestown Foundation has exposed chilling details of official measures to shrink the Uighur population, including sterilization and forced abortions. The report by Adrian Zenz, a leading authority on the mass detention of Uighurs in Chinese prison camps, found that while China has long sought to manage its vast population, the draconian controls in the Western region of Xinjiang were intended "to suppress minority population growth" while boosting the majority Han population through increased births and migration. Natural population growth in the region, the report found, had "declined dramatically."

- On Wednesday, U.S. Customs and Border Protection officials in New York announced that they had seized a large shipment of weaves and other beauty products that officials suspect were made out of human hair from people locked inside the Xinjiang camp system. "The production of these goods constitutes a very serious human rights violation, and the detention order is intended to send a clear and direct message to all entities seeking to do business with the United States that illicit and inhumane practices will not be tolerated in U.S. supply chains," Brenda Smith, a customs official, told The Associated Press. An American government advisory issued Wednesday warned companies that they risk "reputational, economic, and legal risks" from doing business with companies that used Xinjiang forced labor.

- More than 50 independent United Nations experts signed a statement last week charging that their repeated efforts to communicate their alarm to Chinese authorities about the suppression of democracy in Hong Kong, the collective repression of religious and ethnic minorities, excessive use of force by the police, detention of human rights defenders and other violations have been systematically rejected, and requests for investigations dismissed. The group called for a special session of the U.N. Human Rights Council to evaluate their charges, and the establishment of an independent mechanism to monitor the human rights situation in China.
Researchers at Lookout, a San Francisco mobile security firm, reported Wednesday that China's massive surveillance efforts in Xinjiang, which have expanded to include measures like collecting blood samples, voice prints, facial scans and other personal data, began as early as 2013 with a hacking campaign that planted malware into the cellphones of Uighurs and Tibetans around the world.

Of all these horrors, the fact that China is actually seeking to reduce the population of Uighurs — a Turkic minority of about 10 million with its own language and culture — is especially disturbing. As Dr. Zenz notes in his report, these measures “raise serious concerns” that the policies amount to a violation of China’s obligations under the U.N. Convention on the Prevention and Punishment of the Crime of Genocide, whose definition of genocide includes “imposing measures intended to prevent births” within a national, ethnic, racial or religious group targeted for destruction.

China has sought for decades to control Xinjiang, an arid and mountainous region where the Uighurs and other predominantly Muslim people have long resented Beijing’s repressive rule. After the Sept. 11 terrorist attacks, China took to justifying harsh measures as needed to prevent terrorism, and in 2014 President Xi used bombing attacks by Uighur militants to begin what his government called a “People’s War on Terror.” The crackdown has intensified since then, with as many as a million members of ethnic minorities incarcerated in camps for forced ideological and behavioral indoctrination, along with a vast system of high-tech surveillance and forced assimilation. According to Dr. Zenz, a 2017 report from a local branch of the Xinjiang Ministry of Justice said the goal of the camps was to “wash brains, cleanse hearts, support the right, remove the wrong.”

Dr. Zenz’s latest report and a detailed investigation by The Associated Press charge that for some time now the campaign has included draconian measures to slash birthrates. These include regular pregnancy checks, enforced intrauterine devices, huge fines, sterilization and even abortions on hundreds of thousands of women, all backed by mass detention both as a threat and as punishment. Having too many children, which usually means three or more, is a major reason people are sent to detention camps. “Police raid homes, terrifying parents as they search for hidden children,” The A.P. reported. At the same time, the state has made efforts to transplant people of the majority Han population to the region and to have them intermarry with Uighurs.

Last Thursday, the Senate adopted by unanimous consent a bill that would impose sanctions on Chinese officials, businesses and banks involved in the assault on Hong Kong’s limited autonomy, and it is expected to sail through the House of Representatives. The week before that, Mr. Trump signed the Uighur Human Rights Policy Act, a bill that would potentially impose sanctions on Chinese officials over the prison camp system. The reaction from China was the usual bluster about “fabricated” or “fake news” and threats of “countermeasures.”

Mr. Trump’s commitment to using these tools of statecraft to change China’s behavior, however, is uncertain. In a signing statement accompanying the Uighur bill, the president said he would treat it as “advisory and nonbinding.” The day he signed the act was also the day excerpts from John Bolton’s tell-all book about his stint as national security adviser appeared, with his accounts of Mr. Trump’s reluctance to let China’s human rights transgressions get in the way of the trade deal he has long sought.

Mr. Bolton recalled that at the opening dinner of the Group of 20 meeting in Osaka, Japan, in June 2019, Mr. Xi explained to Mr. Trump why he was building camps in Xinjiang. “According to our interpreter,” Mr. Bolton wrote in his book, “Trump said that Xi should go ahead with building the camps, which Trump thought was exactly the right thing to do.”

Still, the unanimous, bipartisan support for these bills, and Mr. Trump’s signature on them, even if unenthusiastic, are an appropriately direct and clear signal to China that its behavior is contemptible and will have serious consequences. What remains is to make sure it does.
Why China’s Move to Rein In Hong Kong Is Just the Start

Xi Jinping's China, emboldened by its handling of the coronavirus pandemic, no longer seems constrained by the threat of international rebuke.

By Steven Lee Myers

Published May 24, 2020 Updated May 28, 2020

China's move to strip away another layer of Hong Kong's autonomy was not a rash impulse. It was a deliberate act, months in the making. It took into account the risks of international umbrage and reached the reasonable assumption that there would not be a significant geopolitical price to pay.

As a provocative move, it is just the latest.

With the world distracted by the pandemic's devastating toll, China has taken a series of aggressive actions in recent weeks to flex its economic, diplomatic and military muscle across the region.

China's Coast Guard rammed and sank a fishing boat in disputed waters off Vietnam, and its ships swarmed an offshore oil rig operated by Malaysia. Beijing denounced the second inauguration of Taiwan's president, Tsai Ing-wen, and pointedly dropped the word peaceful from its annual call for unification with the island democracy.

Chinese troops squared off again last week with India's along their contentious border in the Himalayas.

All are longstanding tensions, but the decision to impose new national security laws on Hong Kong, bypassing the semiautonomous territory's own legislative process, shows what can happen with an unbridled China, no longer restrained by the fear of international rebuke.

"There was this idea before about China being cautious and trying to cultivate its soft power around the world," said Jean-Pierre Cabestan, a professor at Hong Kong Baptist University and the author of "China Tomorrow: Democracy or Dictatorship?" "Those times are gone with Xi Jinping."

Mr. Xi, who in seven years in power has pursued a "great rejuvenation" of the Chinese state, has emerged from the pandemic newly emboldened, seizing on nationalistic themes to deflect from the government's early failures in stopping the coronavirus's spread.

He still faces enormous economic and diplomatic challenges. New protests erupted in Hong Kong on Sunday, and resistance to greater control by Beijing could threaten the territory's role as a financial center.

Officials and state media outlets have lashed out at the United States and other countries, accusing them of supporting "separatists" and "terrorists" in an effort to weaken the power of the Communist Party.

On the defensive over their handling of the virus, President Trump and his aides have sought to blame China for the pandemic's toll in the United States. The criticism, by all appearances, has done little to moderate Mr. Xi's actions. It may even have emboldened them, as Chinese officials point to the failures in the United States and other countries as evidence of the Communist Party's better model of governance.

The Trump administration has, in turn, intensified its actions against China, imposing restrictions on trade and technology, praising Ms. Tsai's inauguration and even marking the 25th anniversary of the disappearance of the 11th Panchen Lama, the second-highest figure in Tibetan Buddhism.
7/9/2020

Why China's Move to Rein In Hong Kong Is Just the Start - The New York Times

“The United States, in fact, is pouring oil on the fire, barrel by barrel,” Tian Feilong, a professor of law at Beihang University in Beijing, said in a telephone interview. “The central government is therefore actually just safeguarding its own most basic national security interests.”

China's top diplomat, Wang Yi, said on Sunday that the two countries could still work together to promote global peace and stability, but he denounced those in the United States who seek American hegemony.

“It's time for the United States to give up its wishful thinking of changing China,” Mr. Wang said, accusing American officials of having a Cold War mentality.

Mr. Xi's move against Hong Kong has nonviolent echoes of President Vladimir V. Putin's forceful seizure of Crimea from Ukraine in 2014, which was a violation of international law and of Russia's previous diplomatic commitments. The annexation made Mr. Putin an international pariah for a while, but Russia still remains firmly in control of Crimea.

While Mr. Xi is using legislation rather than military force in a territory already under Chinese rule, it is nonetheless a brash move by an autocratic leader willing to risk international condemnation to resist what he views as foreign encroachment on his country's security.

“The Communist Party doesn't care anymore about the reactions, because it's about survival, the stability of the one-party system, avoiding the fate of the Soviet Union,” Mr. Cabestan said. “Hong Kong is being perceived more and more as a base of surveillance, as a factor in the destabilization of the Chinese state.”

The challenges facing Mr. Xi come at a time when China's major rivals, the United States above all, are in disarray, giving Mr. Xi more room to maneuver.

Britain, which is a signatory to the 1984 treaty that promised Hong Kong — its former colony — basic freedoms until 2047, issued a statement with Australia and Canada saying that they were “deeply concerned.” Senior Trump administration officials also denounced Mr. Xi's gambit, warning that they could reconsider the territory's special trade privileges or impose other sanctions. President Trump, whose few comments about Hong Kong have been inconsistent, said little.

For those who support Hong Kong's unique status as Asia's commercial and cultural crossroads, warnings no longer suffice in the face of determined pressure from Beijing.

Victoria Hui, a political scientist at the University of Notre Dame and author of a book on the 2014 Hong Kong protests known as the Umbrella Movement, said the international community had often spoken out against China's steady accretion of power over the territory but had exacted no real punishment.

That has been the case for the most egregious violations of basic rights in Hong Kong in recent years, including extrajudicial kidnappings, excessive use of force by the police last year and the arrests of leading democratic leaders a month ago.

“The international pushback has been so weak,” Ms. Hui said. “Beijing is daring foreign governments to continue to issue words but take no actions.”

China's tactics under Mr. Xi today contrast those of his immediate predecessors, who prioritized China's reforms and opening over confrontation with its neighbors or the broader world. “Hide our strength, bide our time” was Deng Xiaoping's adage a generation ago.

When Taiwan was moving to hold its first presidential elections in 1996, China conducted intimidating missile tests in the Taiwan Strait. It was forced to back down when President Bill Clinton ordered American aircraft carriers to the waters in a show of military support for the island's defense.

Mr. Xi has steadily built up China's air and naval power, making a similar move by the United States today much riskier. Chinese forces routinely menace the island, as its first operational aircraft carrier did last month, forcing Taiwan's military to scramble jets and ships. The seventh similar incident this year, it signaled China's determination to block Taiwan from formally establishing its independence.

For Beijing's leaders, China's sovereignty over Hong Kong is as emotionally charged.

Under the Basic Law, the mini-constitution that governs the territory, Hong Kong is obliged to adopt rules “to prohibit any act of treason, secession, sedition and subversion” against the Chinese government. When the city's legislature tried to do so in 2003, Beijing retreated in the face of huge street protests.

“China was in a very different place globally,” said Rana Mitter, the director of the University of Oxford China Center. “China’s economy was growing in 2003, but it wasn’t the second biggest economy in the world and quite the economic behemoth it is today.”

There is also a more subtle difference that the pandemic has accentuated. Beijing spent years deflecting criticism of its system by saying that China was not yet ready for more democratic freedoms, effectively leaving open the possibility for greater liberalization of the political system, as many inside and outside the country hoped.

China, Mr. Mitter said, is now a “state which no longer apologizes for being authoritarian.”

On Friday, Mr. Xi told delegates at the annual session of the legislature, the National People's Congress, that the country’s system was the “the broadest, most genuine, and most effective democracy to safeguard the fundamental interests of the people.”

Such confidence has allowed Mr. Xi to brush aside international concerns about China's behavior at home and abroad: the absence of government transparency and accountability, the countless arrests of those who express dissent, the mass detention of more than one million Uighurs and other Muslims in the western province of Xinjiang.

It has also emboldened China in ways that create the possibility of armed conflict.
On the remote border with India, Chinese forces have twice in the last month clashed with Indian troops, prompting both sides to send in re-enforcements. India has accused China of blocking patrols on its side on the Line of Control, the unofficial border.

China has also stepped up its efforts to dominate the South China Sea despite the territorial claims of countries like Vietnam, Malaysia and the Philippines.

In April, it created two new administrative districts to govern the islands it controls in the Paracel and Spratly chains. China's Navy also said that it had succeeded in growing cabbage and other vegetables in the sand of Woody Island, helping to feed the growing number of troops stationed there.

"Chinese aggression is not always just rhetorical," Alice G. Wells, an assistant U.S. Secretary of State, said in a telephone briefing in Washington last week.

"So whether it's in the South China Sea or whether it's along the border with India," she said, "we continue to see provocations and disturbing behavior by China that raises questions about how China seeks to use its growing power."

Claire Fu contributed research.
ASIA

Hong Kong Security Law Stuns International Business: ‘It Turns Out It Is Really Bad’

Company executives worry Beijing's intercession will eventually undermine city's unique role as trading hub.

Riot police patrolled at a Hong Kong shopping mall during a protest against the new security law on Tuesday.

PHOTO: TYRONE SIU/REUTERS

By John Lyons and Frances Yoon
July 2, 2020 2:44 pm ET

HONG KONG—As China drew up a new security law for Hong Kong last month, its top Foreign Ministry official in the city gathered international business groups and diplomats to deliver a message from Beijing: Don’t panic.

The law would target only a small group of radicals and wouldn’t impede the free market ethos behind Hong Kong’s rise as a global business hub, the official said. But now that businesspeople are finally seeing the law, there is much to cause concern.
While no one expects the giant money flows coursing through Hong Kong to cease anytime soon, the law sets in motion fundamental changes that threaten to erode the city’s special role as a gateway connecting Western finance and know-how with China Inc.

“Businesses were kind of waiting and laying their bets to see how bad it would be, and then it turns out it is really bad,” said Christopher Hughes, a London School of Economics professor of international relations who focuses on Chinese foreign policy. “I wouldn’t be surprised if changes happen faster than you think.”

The law targets four political crimes: secession, subversion, terrorism and foreign interference. But lawyers said its wording is so broad that it is easy to imagine how a business dispute with a Chinese company could end up construed as a breach of the law, putting executives at risk of prosecution.

The new law also threatens the unfettered communication and information flows that underpin global markets. It directs Hong Kong to toughen its regulation of the internet and gives authorities the power to intercept electronic communications and conduct warrantless searches. Mainland agencies will oversee foreign media in the city. Meantime, crimes such as revealing state secrets in theory could be interpreted to include market research or financial analysis on state firms.

Perhaps most significantly, the court system that Hong Kong inherited from the British and has operated separately from the mainland will be superseded by Chinese courts. Security authorities may intervene in Hong Kong cases under a range of scenarios and move them to a mainland system where proceedings may be secret. The penalty for many crimes under the law is life in prison.

Those are significant deterrents for some professionals, and many executives worry privately that growing Chinese encroachment on the city’s freedoms will hurt their ability to recruit and retain talent.

“I criticize the Chinese government online all the time, and the idea that I will be subject to less freedom worries me,” said Christine Yang, a Hong Kong lawyer at a company that makes personal protection equipment. Among the broadly worded crimes in the new law is provoking hatred against China’s central government.

Ms. Yang said she has found a new job outside Hong Kong and is preparing to move with her two children in July. She worries about the provisions in the new law that let Beijing...
override Hong Kong’s justice system.

“They’re basically going to be running their own game, and that is concerning,” she said.

Beijing pushed through the national security law Tuesday in a bid to crush a year of pro-democracy, anti-China unrest in Hong Kong. The former British colony has largely governed itself since it was returned to China in 1997 under an arrangement called “one country, two systems,” but its laws leave some room for the mainland to impose legislation on the city.

Hang Seng Index

[Graph]

Source: FactSet

Hong Kong’s stock market fell nearly 6% when Beijing revealed its plans for the national security law in late May. But it has risen in recent days, more than making up the losses on optimism the law will end the turmoil that has hurt the city’s property prices and economic growth. The rising stock prices also reflect the fact that much of the money flowing through Hong Kong’s markets comes from business with mainland Chinese investors and firms.

Bankers say Chinese companies will continue to use Hong Kong to raise capital, as JD.com Inc. and NetEase Inc. did this year, and that their mainland clients support the new law. For people who understand China, “there’s no change,” one venture capitalist said.
Market activity isn’t likely to be hurt in the short term, said Weiheng Chen, a partner at Wilson Sonsini who works on capital-market transactions and mergers. But there could be an impact on longer-term commitments of foreign capital until the international business community sees how the law will be enforced, he said.

China has vowed its crackdown will target protesters and not law-abiding businesses. But it may become difficult to separate the two in practice. Many of the hundreds of thousands of protesters that took to the streets are also employees at major firms. Their arrests will raise tricky moral and legal issues for corporate lawyers.

It is far from clear the new law will quell the unrest. Millions of Hong Kongers oppose mainland interference and see the law as an unjust campaign to destroy the individual freedoms they have long enjoyed. Thousands took to the streets Wednesday, the first day the law was in force. Police responded by firing pepper rounds and water cannons at the crowds and arresting around 370 protesters, including 10 for violations of the new law.

China’s decision to enact the law has provoked an international backlash that may also damage the business climate. The U.S., saying Hong Kong is no longer autonomous enough to be treated separately from China, has banned exports of dual-use technology to the city and has threatened to take other measures such as sanctions.
At the American Chamber of Commerce in Hong Kong, some 60% of respondents in an early-June poll said they believed the law would harm their business. Some 30% of companies said they were already considering relocating some operations or assets.

“It will take time for the business community to digest details of the law, but we hope it will not impact the dynamism and benefits of this great city,” the American Chamber said Thursday.

SHARE YOUR THOUGHTS

Is Hong Kong’s viability as a global business hub at risk because of the new national security law? Why or why not? Join the conversation below.

Hong Kong is an enormously lucrative place to do business, and the prospect of profiting from China’s huge market gives companies a strong incentive to adapt to the new environment rather than retreat. Despite the unrest and a pandemic, nearly $135 billion in
funds was raised on Hong Kong’s stock exchange in the first five months of the year, up 27% from a year earlier.

The city was founded in the 19th century as a trading hub for narcotics, silk and tea during Britain’s Opium Wars. It has overcome challenges in the past and always emerged intact as a profitable global business center. Many people predicted its demise before the 1997 handover; but with a stable currency and British-style legal system, it became a preferred place for Western investors to access the enormous flows of capital and trade generated by a growing China—all while living as they always had in the city.

“Whatever precautions businesses take in mainland China... should now be extended to Hong Kong.”
— From a business consultant’s report

Some in Hong Kong said the passage of the security law feels like the real handover. Over time, observers said, the business environment may come to resemble something closer to that prevailing in mainland China, as the city’s legal system, government and economy become more integrated.

“Whatever precautions businesses take in mainland China—for example, ensuring that laptops and mobile devices do not contain sensitive, unencrypted data of interest to Chinese authorities—should now be extended to Hong Kong,” a report on the new law from the business consulting firm Teneo warned.

Most international firms in Hong Kong already do business in the mainland and have accepted the risks that come with operating under an authoritarian system—such as possible snooping by security agencies—and are schooled in understanding where government sensitivities lie.

“They understand doing business is different from stepping into the politics arena,” said Iris Pang, chief economist for Greater China at ING Bank NV in Hong Kong.

Corporations that rely on China for significant parts of their revenue face pressure not only to adapt to the new environment, but to praise it. In June, London-based banking giant HSBC Holdings PLC, which makes most of its profit in Hong Kong and...
mainland China, posted a photo of its Asia chief signing a petition in favor of the national security law.

The show of support for the law came after a former leader of Hong Kong criticized the bank for remaining silent on the bill. “HSBC’s businesses in China can be replaced overnight by banks from China and from other countries,” warned former Chief Executive Leung Chun-ying.

Hong Kong’s GDP, change from a year earlier

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<th>Year</th>
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<td>2017</td>
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Note: Adjusted for inflation and the seasons
Source: Census and Statistics Department of Hong Kong

Businesses, from luxury brands to airlines, have decided to bend to China’s demands on issues such as freedom of speech rather than lose access to the market. Last year, the chief executive of Hong Kong’s flagship airline, Cathay Pacific, stepped down after it came under pressure from Beijing over employee support for the pro-democracy protests.

Before the security law was even drafted, the executive director of Hong Kong real-estate giant CK Asset Holdings Ltd., Justin Chiu, told reporters that the measure will leave people “more at ease about the future and stability of Hong Kong.”

While many big companies publicly voice support for the law, some foreign executives at multinational firms privately acknowledge they are hedging their bets. Some have taken their children out of Hong Kong schools and placed them in boarding schools elsewhere so
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their education won’t be disrupted if they decide to leave at some point next year. Others are moving assets and staff to other cities in the region.

Youssef El Kaddioui, who runs an online sales company in Hong Kong, is moving some operations to Singapore out of concern that the unrest may continue and foreigners could be targeted in enforcement of the law, he said.

“It’s extremely risky to keep all of our operations in Hong Kong at the moment,” said Mr. El Kaddioui, who is from Morocco. “And in the long term, the possible impact could be that less companies come here, and more leave. This makes me question whether it makes sense to stay in Hong Kong.”

—Stella Yifan Xie and Chong Koh Ping contributed to this article.

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Write to John Lyons at john.lyons@wsj.com and Frances Yoon at frances.yoon@wsj.com

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China

Senate Passes Sanctions Bill on China Over Hong Kong Law

The bill, which aims to defend human rights in the territory and pressure China to preserve its special status, passed by unanimous consent.

Sen. Pat Toomey (R., Pa.), seen in March, sponsored a bill with Sen. Chris Van Hollen (D., Md.) that they said was urgently needed after China introduced new national-security laws in Hong Kong.

PHOTO: STEFANI REYNOLDS/CNP/ZUMA PRESS

By Lindsay Wise and Ian Talley
Updated June 25, 2020 8:49 pm ET

The U.S. Senate passed by unanimous consent a bipartisan bill that would put sanctions on Chinese officials who erode Hong Kong’s limited autonomy from Beijing, as well as the banks and firms that do business with them.

Because it sets mandatory sanctions, the legislation has drawn objections from Trump administration officials concerned it could hobble their ability to conduct diplomacy with China and give Congress too much power over foreign relations, according to congressional, administration and industry officials.

Still, they say, the bill’s fine print provides the White House with some flexibility in how those sanctions are levied, assuaging some administration concerns.
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Under Senate rules, a single objecting senator could have blocked the bill. Sen. Kevin Cramer (R., N.D.) had blocked it earlier this month, citing the need for feedback from the Trump administration. But no one stepped up to do so on Thursday, and it passed by voice vote.

The legislation, sponsored by Sen. Chris Van Hollen (D., Md.) and Sen. Pat Toomey (R., Pa.), aims to defend human rights in Hong Kong and pressure China to preserve the territory’s special status.

The sponsors say China’s introduction of new national-security laws in Hong Kong made the legislation more urgent. Those laws, they say, dealt a blow to the territory’s autonomy as Beijing moves to stop pro-democracy protests that have challenged Chinese President Xi Jinping.

“Hong Kong affairs are China’s domestic affairs that allow no external interference,” said Fang Hong, a spokeswoman for the Chinese embassy. “We urge the U.S. side to come to terms with the reality, and immediately stop meddling with Hong Kong affairs and China’s domestic affairs as a whole before it is too late,” she said, warning of unspecified “necessary countermeasures.”

The White House didn’t respond to a request for comment.

The bill presents a challenge for Mr. Trump, who has toughened his tone on China and blamed it for the spread of coronavirus. But the president has also been reluctant to embrace measures sought by Congress for fear they could upset the trade deal he considers a major accomplishment.

The bill will proceed to the House, where a companion bill has been introduced by Reps. Brad Sherman (D., Calif.) and Ted Yoho (R., Fla.).

In another move aiming to counter China, a group of lawmakers on Thursday introduced legislation that would pump tens of billions of dollars in new funding into U.S. semiconductor manufacturing.

The bill, backed by Sens. Tom Cotton (R., Ark.) and Chuck Schumer (D., N.Y.), among others, includes $20 billion of incentives for semiconductor manufacturing and research facilities, plus $5 billion in research and development money for federal agencies. A separate bill introduced this month by a different group of lawmakers aimed to support...
the industry with $10 billion of federal matching grants for states and $12 billion for research and development.

Mr. Van Hollen said his Hong Kong bill establishes a set of mandatory sanctions. “It requires the administration to identify all those individuals who are culpable and complicit in taking away the rights of the people in Hong Kong,” he said. “And more than that, would sanction those banks that allow those individuals to do business.”

“That’s an action where at least there’s a chance that the government of China will listen because they understand it’s not just a statement by the United States Senate; they understand it’s a statement with penalties,” he added.

The bill would impose sanctions on people or entities that the administration identifies as materially contributing to the contravention of China’s obligations for preserving Hong Kong’s autonomy. According to Mr. Toomey’s office, examples include a police unit cracking down on protesters or Chinese Communist Party officials who implement the national-security law.

Besides creating potential diplomatic tension as Chinese officials and government entities are blacklisted, the bill has additional teeth by targeting the financial sector. Banks found knowingly doing business with blacklisted officials and agencies would also be placed under sanctions.

One of the Trump administration’s remaining points of contention is a provision in the bill that gives Congress the ability to override a president’s decision to waive or terminate sanctions through a joint resolution of disapproval, according to people familiar with the matter. Such a resolution would have to pass both the House and Senate by a veto-proof two-thirds majority.

The legislation also includes nonbinding language that supports allowing people in Hong Kong who face persecution from China to become eligible for lawful entry into the U.S.

The Senate also unanimously passed a resolution on Thursday condemning China’s new national-security law for Hong Kong, offered by Sen. Josh Hawley (R., Mo.).

“This could be our last opportunity to stay Beijing’s hand before it destroys what is left of freedom in this city. Beijing must know that its actions have consequences,” Mr. Hawley said.
Shortly before the sanctions bill passed, Mr. Toomey thanked the Treasury Department, saying its sponsors had “worked extensively to get to the point where they are in agreement with this legislation.”

He said he hoped both the resolution and the sanctions legislation “are on their way soon to the president’s desk for his signature.”

Mr. Van Hollen said the bill requires the administration to identify individuals who are ‘culpable and complicit in taking away the rights of the people in Hong Kong.’

PHOTO: MICHAEL BROCHSTEIN/ZUMA PRESS

For the legislation to be effective, Mr. Van Hollen said, the administration would have to follow the law and impose the sanctions it mandates.

The Democratic senator said the administration “currently has authority to impose sanctions against China for its actions in Hong Kong, based on legislation that this body passed last year to uphold the voice of human rights and democratic rights for the people of Hong Kong.”

“Despite some statements from the secretary of state, the administration has still taken no action,” he added.

A State Department spokeswoman didn’t immediately comment on the bill’s passage or the department’s stance toward the legislation. Secretary of State Mike Pompeo, a frequent critic of Beijing, said Thursday that the U.S. would join a special dialogue with the European Union to confront unwelcome Chinese policies and defend democracy.
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Mr. Cramer, a Republican co-sponsor of the sanctions bill, told Politico in an interview that the White House had asked him to block it on June 17 while the administration tried negotiating technical and policy changes.

After the bill’s passage on Thursday, Mr. Cramer indicated he no longer had any problems with it and was grateful his colleagues and the Treasury Department were able to improve it.

“It affirms our support for the people of Hong Kong who are fighting for their freedom,” he said. “I urge the House to take it up and send it to the president’s desk.”

—William Mauldin and Alex Leary in Washington contributed to this article.

Write to Lindsay Wise at lindsay.wise@wsj.com and Ian Talley at ian.talley@wsj.com
What's in Hong Kong’s New National-Security Law

Broad language and sweeping authority transform the city’s legal landscape; ‘the new law is like a scarecrow’

Riot police secure an area during a demonstration against the new national-security law in Hong Kong, July 1.

PHOTO: ANTHONY KWAN/GETTY IMAGES

By Chun Han Wong
July 2, 2020 7:35 am ET

Hong Kong police made their first arrests while enforcing the city’s extraordinary new national-security law hours after it took effect—even as legal experts scrambled to parse its full implications.

The law took immediate effect when it was published late Tuesday, the first time the full text—at roughly 10,000 characters spanning 66 articles—was publicly revealed. Experts say its provisions fundamentally alter the legal landscape in Hong Kong, carving out space within the city’s Western-style rule-of-law system for mainland Chinese methods of enforcing Communist Party control.
7/9/2020

“All in all, this is a takeover of Hong Kong,” said Jerome Cohen, a veteran China legal scholar at New York University.

With help from legal experts, we dug through the law to better understand its implications for those who live, work and do business in Hong Kong. Here’s what we found:

**Crimes and punishments**
The new law lays out four categories of broadly defined offenses: secession, subversion, terrorism, and collusion with foreign or external forces to endanger national security.

Secession, as defined in the law, “can be committed with or without violence,” the Hong Kong Bar Association said in a statement expressing unease about the legislation. “This gives rise to concern whether this might operate to prohibit mere speech or any peaceful advocacy.”

The association also noted the law defines subversion as including activities deemed to cause “serious interference” or “obstruction” of the local government’s authority. “This gives rise to concern whether media criticisms or picketing might be caught under these provisions,” it said.

The law classifies as terrorism many of the actions carried out by aggressive front-line protesters in the past year, including arson, destruction of transportation facilities and physical violence. While Hong Kong’s own terrorism ordinance provides some exemptions for protests, advocacy, industrial action and other forms of dissent, the new law doesn’t.

Collusion with foreign or external forces to damage national security includes espionage activities—such as providing state secrets or intelligence—and working with foreign actors to conduct hostile acts toward Hong Kong and the whole of China.

All four categories of offenses are punishable with jail terms up to the maximum penalty of life imprisonment. Companies and organizations found to have committed offenses face fines, as well as the suspension or revocation of operating licenses and permits.

**Beijing’s new powers in Hong Kong**
Beijing will oversee national-security issues in Hong Kong through a new Office for Safeguarding National Security, a central-government agency. The law says the office’s personnel are immune from Hong Kong law when carrying out official duties, which
include directly investigating major cases. Legal scholars say this allows the office to operate in Hong Kong with few legal restraints.

Vision of Hong Kong Chief Executive Carrie Lam, talking to the media about the new law, played inside an MTR train, June 23.

PHOTO: LIAU CHUNG-REN/ZUMA PRESS

Exposure to mainland China’s justice system

The trigger for the mass protests in Hong Kong last year was a controversial bill that would have allowed people in Hong Kong who were accused of violating certain mainland Chinese laws to be extradited to the mainland. The new national-security law doesn’t enable extradition, but it does allow suspects to be tried in mainland courts for alleged crimes committed in Hong Kong.

China’s top prosecutorial agency and supreme court are empowered to designate mainland Chinese prosecutors and courts to handle certain major national-security cases from Hong Kong—thus allowing suspects to be sent to the mainland and be subjected to its opaque criminal justice system.

Squeezing speech

“The biggest chilling effect of this law will come from it criminalizing certain kinds of speech and action that were once permissible in Hong Kong and could be now considered a threat to national security,” says Jeremy Daum, a senior fellow at Yale Law School’s Paul Tsai China Center.

The law requires Hong Kong authorities to “strengthen supervision” and regulation over schools, universities, social organizations, the media and the internet.
Party speak, calls to strengthen supervision often refer to the tightening of political controls.

It’s unclear what that supervision would entail for the city’s open internet. Legal experts say the law allows police to order individuals or companies to delete content, though it doesn’t appear to grant Hong Kong’s government the authority to block services altogether.

The law also calls for the new national-security office in Hong Kong and the Chinese Foreign Ministry’s local office in the city to “strengthen the management of and services for” a variety of foreign organizations, including international news agencies and nongovernmental groups.

The Foreign Ministry is the main agency overseeing foreign news organizations operating in mainland China, and issues press credentials to foreign journalists that are tied with their residence visas. Foreign reporters in Hong Kong aren’t currently subjected to such arrangements.

Lawyers have flagged uncertainties about the scope of collusion offenses, which cover the receipt of funding and support from foreign actors. Some worry this could be used to outlaw what have been routine cross-border interactions conducted by nonprofits, activists, academics and journalists.

The specter of state secrets
One of the law’s most worrying provisions for businesses and news organizations is the one that punishes the unlawful provision of state secrets to foreign or external actors.

The law is silent on what constitutes such secrets. Legal experts say Hong Kong authorities would likely refer to existing Chinese law, which offers an expansive definition of state secrets—an added risk for anyone who trades in information.

“‘State secrets’ are whatever the police choose to define them as,” said Mr. Cohen, the NYU legal scholar.
7/9/2020

Chinese flags seen on the ground during a march against the national-security law, Hong Kong, July 1.

PHOTO: TYRONE SIU/REUTERS

Legal experts point to the case of American geologist Xue Feng, who in 2010 was sentenced by a Chinese court to eight years in jail on charges of trading in state secrets, even though the information in question—related to locations of oil wells in China—hadn’t previously been considered sensitive. Such information is widely available for most energy-producing countries. The Chinese government classified such information as state secrets after Mr. Xue had acquired it in 2005.

First detained in 2007, Mr. Xue was released in 2015 following a reduction in his jail sentence.

Reach beyond borders
One of the law’s more surprising provisions, Article 38, says that even nonresidents living outside Hong Kong can be held liable for offenses committed outside the city. In other words, the law claims to apply everywhere.

Some legal experts warn the provision could be used to detain people who have irked Beijing should they enter Hong Kong. “If you’ve ever said anything that might offend the [People’s Republic of China] or Hong Kong authorities, stay out of Hong Kong,” Donald Clarke, a George Washington University professor who specializes in Chinese law, wrote on his blog.

Such claims to extraterritorial jurisdiction aren’t uncommon. The U.S. has made them on national-security grounds, notably in its efforts to prosecute WikiLeaks founder Julian Assange for espionage-related charges.
China’s criminal law claims jurisdiction over foreigners who commit crimes outside of the country against the Chinese state and its citizens. But its scope is limited to offenses that warrant at least three-year jail sentences, and are also punishable under local laws in the places where they occurred. Legal experts say the Hong Kong security law appears to assert a cross-border reach without those restrictions.

Diplomats say foreign governments that have extradition agreements with Hong Kong are likely to review the implications of the new security law, though many such pacts require the offenses to be punishable under the laws of both countries, and block extradition for political crimes.

“The new law is like a scarecrow,” one Western diplomat said of the legislation’s broad and often vague language. “Looks rough and ragged on the edges, so that it appears scary to people.”

SHARE YOUR THOUGHTS

How do you think the new security law will affect U.S.-China relations? Join the conversation below.

Write to Chun Han Wong at chunhan.wong@wsj.com
Beijing’s secret police get a room with a view in Hong Kong

By David Crawshaw

July 8, 2020 at 7:45 a.m. EDT

HONG KONG — When China’s state security officials came to town, they needed a home — and fast.

So they did what any newcomer would do: They sequestered a 33-story hotel with a rooftop pool and panoramic harbor views, then erected seven-foot-high barriers to limit public access to their new digs.

Early Wednesday, under a heavy police presence and before any public announcement about the matter, officials inaugurated the Office for Safeguarding National Security of the Central People’s Government in the Hong Kong Special Administrative Region at a ceremony that took place behind water-filled barricades. They played the Chinese national anthem and raised the Chinese flag, although local media weren’t invited. When the ceremony was over, reporters were finally able to photograph the building’s front door.
The Metropark Hotel on the edge of the city's Causeway Bay district will be the initial base for the new agency, staffed by Chinese security officials. It will be tasked with collecting intelligence and implementing a new law that sharply curtails political freedoms as Beijing takes greater control of the territory after anti-government protests last year.

It’s the first time the Chinese government’s state security apparatus has been permitted to operate in Hong Kong, marking a milestone in officials’ efforts to dismantle the firewall that separated the city from the authoritarian mainland.

The security law, which took effect July 1, specifies four broadly defined crimes against national security that can invite punishment of up to life imprisonment: subversion, secession, terrorism and collusion with foreign forces. In practice, lawyers and other experts say, it effectively extends mainland legal provisions to Hong Kong, ending the autonomy that China promised the financial center would enjoy until 2047.

The new office is headed by Zheng Yanxiong, a senior Communist Party official known for quashing popular unrest on the Chinese mainland. Luo Huining, Beijing’s top official in Hong Kong, has been appointed as an adviser to the agency.
Addressing delegates at the opening ceremony Wednesday, Luo rejected criticism of Beijing’s moves. The United States and its allies have condemned the crackdown as a breach of the Sino-British handover agreement and a serious blow to Hong Kong’s autonomy and political rights.

“While people who love China and [Hong Kong] are welcoming the establishment of the office, those with ulterior motives and who are anti-China and seek to destabilize Hong Kong have not only stigmatized the office, but also smeared the legal system and rule of law in the Chinese mainland in an attempt to stir up unnecessary worries and fears among the Hong Kong residents,” Luo said. “The Chinese mainland has a healthy legal system and a sound environment for the rule of law.”

Zheng told the few dozen attendees that his agents would abide by the law and would not infringe on “the legitimate rights and interests of any individual or organization.”

Workers overnight installed China’s national emblem on the hotel, a four-star brand by HK CTS Hotels, a wholly owned subsidiary of the state-owned China National Travel Service Group.
"Regardless of whether you are here for business or leisure, we would offer a helping hand to make your stay a memorable one," the company's website says of the Metropark, which has 266 guest rooms.

The hotel overlooks Victoria Park, a key protest zone and the starting point for many of the huge rallies last year calling for greater political freedoms and police accountability, among other demands.

For decades, tens of thousands of Hong Kongers have assembled in the park every June 4 to commemorate the anniversary of Beijing’s 1989 crackdown on democracy activists in Tiananmen Square. Officials tried to ban the vigil this year, citing social distancing measures, but activists gathered in defiance for what many worry could be the last time.

“It used to be a tranquil neighborhood with many small businesses. It’d be hard to imagine what will it become of after today,” tweeted Rachel Wong, an academic.

researcher and a local news reporter, as the security cordon went up around the security agency's new headquarters.

Hotel reservation websites showed the Metropark no longer had availability through the end of the year.

The hotel had mostly positive ratings online, with reviewers praising its location and spectacular views over Hong Kong. Some reviewers noted, though, that it appeared to have a problem with dampness.

“Service was excellent but the hotel room had an unpleasant smell,” remarked one reviewer.

*Shibani Mahtani contributed to this report.*
Beijing's secret police get a room with a view in Hong Kong - The Washington Post
Beijing's secret police get a room with a view in Hong Kong - The Washington Post

https://www.washingtonpost.com/world/asia_pacific/beijings-secret-police-get-a-room-with-a-view-in-hong-kong/2020/07/08/c0e7de7e-c0e8-11ea-890...
China has just broken its solemn promise to Hong Kong
Opinion by Editorial Board

July 1, 2020 at 5:52 p.m. EDT

HONG KONG as it has been known — a bastion of free speech and rule of law, an autonomous, glittering capital of capitalism — has been smothered. Overnight, China has imposed a new national security law of six chapters and 66 articles that will criminalize dissent and install a system of secret police, putting the territory under the same authoritarian boot as the mainland. President Trump has been signaling for a long time that he would not stand up for human rights and democracy in Hong Kong. Perhaps not surprisingly, China acted with brusque indifference to protests from the West.

The law was passed in secret by the Standing Committee of the National People’s Congress in Beijing and signed by President Xi Jinping before people in Hong Kong had even seen the text. The law defines as punishable offenses: “secession, subversion, organisation and perpetration of terrorist activities, and collusion with a foreign country or with external elements to endanger national security.” These words are right out of China’s dictatorial handbook, and can be used arbitrarily to stop anything the authorities dislike. One provision specifically allows for prosecution of anyone “provoking by unlawful means hatred among Hong Kong residents” toward either the Beijing or Hong Kong governments. A few years ago, China plotted to nab booksellers from Hong Kong who sold gossip volumes about China’s leaders. Now, anyone who hoists a placard that says “Down with President Xi Jinping!” might well draw a jail term.
The law creates a division for investigating threats to national security — a secret police — and gives Beijing a strong hand in how it will work. One of the more remarkable provisions in the new law, Article 38, states that it covers offenses committed “outside the Region by a person who is not a permanent resident of the Region.” This suggests a long arm of the Chinese thought police, intent on punishing people outside Hong Kong who stir up criticism of the government. For all practical purposes, a critic might not be prosecuted abroad, but woe to those who set foot in Hong Kong.

China has broken its promise to Britain on the handover of Hong Kong in 1997 to preserve the concept of “one country, two systems” for 50 years. Many hoped Hong Kong’s system might rub off on China, but in the end, China’s overwhelmed Hong Kong. This makes it even more imperative for the West to stand by the vibrant democracy of Taiwan.
China seems unconcerned by recent protests and threats of sanctions from the United States, and no wonder, considering Mr. Trump’s evident disinterest. A response worthy of consideration is legislation in Congress introduced by Rep. Tom Malinowski (D-N.J.) and Rep. Adam Kinzinger (R-Ill.) that would open a pathway to enter the United States for Hong Kong entrepreneurs, scientists and academics. Britain is also considering a special five-year visa for as many as 2.9 million Hong Kong citizens with British national overseas status.

These measures will help individuals escape China’s persecution, but the flame of Hong Kong’s democratic ideals has been abruptly extinguished. It is a momentously sad day for world freedom.

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Joshua Wong and Glacier Kwong: This is the final nail in the coffin for Hong Kong’s autonomy

The Post’s View: China’s full-scale assault on democracy in Hong Kong demands a U.S. response — but a careful one

Hong Kong-China tensions: What you need to know

Updated July 1, 2020

What is happening in Hong Kong?

China enacts Hong Kong security law, escalating confrontation with U.S.

Hong Kong families, fearing a reign of terror, prepare to flee the city

U.S. blocks visas for Chinese officials responsible for ‘eviscerating’ Hong Kong freedoms
China, pro-Beijing activists condemn ‘meddling’ in Hong Kong

By Zen Soo | AP

July 2, 2020 at 2:43 a.m. EDT

HONG KONG — China’s government and pro-Beijing activists in Hong Kong condemned what they called foreign meddling in the territory’s affairs on Thursday, as countries moved to offer Hong Kongers refuge and impose sanctions on China over a new security law.

Chinese foreign ministry spokesman Zhao Lijian said no amount of pressure from external forces could “shake China’s determination and will to safeguard national sovereignty and Hong Kong’s prosperity and stability.”

He urged the U.S. to abide by international law and stop interfering in Hong Kong’s affairs, and not sign a sanction bill into law.

His comments came after the U.S. House of Representatives on Wednesday joined the Senate in approving a bill to rebuke China over its crackdown in Hong Kong by imposing sanctions on groups that undermine the city’s autonomy or restrict freedoms promised to its residents.
If the bill becomes law, “China will definitely take strong countermeasures, and all consequences will be borne by the U.S. side,” Zhao said at a daily briefing.

Vice President Mike Pence in a television interview Thursday called the law a betrayal of the international agreement China signed.

“President Trump has made it clear that we’re going to be modifying our trading relationship and the trading status with regard to Hong Kong and we’re going to continue to speak out on behalf of the people of Hong Kong and on behalf of human rights of people within China,” he told CNBC.

“We want to reset the trading relationship, but we want China to recognize international agreements, to recognize the human dignity of all of their people, and that includes all the people of Hong Kong,” he said.

Meanwhile, dozens of pro-Beijing activists and lawmakers protested outside the
China, pro-Beijing activists condemn 'meddling' in Hong Kong - The Washington Post

U.S. Consulate in Hong Kong to demand that the U.S. stop meddling. The group said it gathered 1.6 million signatures online in support of its call.

Tam Yiu-Chung, Hong Kong’s sole delegate to the National People’s Congress Standing Committee, said on public broadcaster RTHK on Thursday that the new security law imposed by Beijing on Hong Kong was not harsh. If it were, no one would dare violate the law, he said.

His comments came a day after thousands of protesters marched against the security law, which took effect in Hong Kong late Tuesday.

The security law outlaws secessionist, subversive and terrorist acts, as well as any collusion with foreign forces in intervening in the city’s affairs. Critics say the law effectively ends the “one country, two systems” framework under which the city was promised a high degree of autonomy when it reverted from British to Chinese rule in 1997.

The maximum punishment for serious offenses under the legislation is life imprisonment, and suspects in certain cases may be sent to stand trial on the
mainland if Beijing deems that it has jurisdiction.

The law takes aim at actions that occurred during anti-government protests last year. It says destruction of government facilities and utilities would be considered subversive, while damaging public transportation facilities and arson would constitute acts of terrorism.

About 370 people were arrested during and after Wednesday’s protests, including 10 on suspicion of violating the new security law. Some of those arrested allegedly possessed materials that advocated Hong Kong’s independence.

Hong Kong police arrested a man on a London-bound flight early Thursday on suspicion of having stabbed a police officer in the arm during Wednesday’s protests.

The 24-year-old man, surnamed Wong, was arrested on a Cathay Pacific flight after police received an anonymous tip-off about his travel plans, police said.

Wong had purchased a ticket on Wednesday and boarded the flight with no check-
in luggage, police said. He did not respond to the crew when they called him by name, and was not in his designated seat. Police identified him after conducting a sweep of the plane.

Meanwhile, two protesters were sentenced to four weeks in jail on Thursday for vandalizing a ticketing machine at a rail station in September last year. They were among nearly 9,000 arrests by police in connection with the anti-government protests between last June and May this year.

The central government’s passage of the security law for Hong Kong has triggered concern from the territory’s former colonial ruler, Britain, and other countries.

British Prime Minister Boris Johnson said Wednesday that imposition of the law was a “clear and serious breach” of the Sino-British Joint Declaration, the treaty that guaranteed the former British colony would enjoy a high degree of autonomy and civil liberties for at least 50 years after its handover to Chinese rule.

The Foreign Office summoned Chinese Ambassador Liu Xiaoming on Wednesday to a meeting with Permanent Secretary Simon McDonald, who reiterated Britain’s concern. Britain also announced that it is extending residency rights for up to 3
million Hong Kongers eligible for British National Overseas passports, stressing that it would uphold its historic duty to its former colony. Those eligible will be able to live and work in the U.K. for five years before applying for settled status and then again for citizenship.

On Thursday, the Chinese Embassy in London said such a move would be in breach of “international law and basic norms governing international relations.”

“We firmly oppose this and reserve the right to take corresponding measures,” it said in a statement, without elaborating. “We urge the British side to view objectively and fairly the national security legislation for Hong Kong, respect China’s position and concerns, refrain from interfering in Hong Kong affairs in any way.”

Australian Prime Minister Scott Morrison said Thursday his government is considering a move to provide a “safe haven” to Hong Kongers, and Taiwan opened an office to help Hong Kongers move to Taiwan for employment and other purposes.
Divided West can do little as China tightens up on Hong Kong

By Sylvia Hui | AP

July 1, 2020 at 8:46 p.m. EDT

LONDON — From Tokyo to Brussels, political leaders have swiftly decried Beijing’s move to impose a tough national security law on Hong Kong that cracks down on subversive activity and protest in the semi-autonomous territory.

But the rhetoric has more bark than bite. For people in Hong Kong, the question is: Will international anger and statements of concern make any difference?

Individual countries have little leverage over Beijing on human rights, experts say. A joint effort could make a difference, but coordinated action seems unlikely given strained ties between the Trump administration and many of Washington’s traditional European allies.

“The U.S.A. and EU are moving in different directions in many areas. It is perhaps to China’s advantage that that should be so,” said Rod Wye, an Asia-Pacific associate fellow at the Chatham House think tank in London. In particular, Europeans do not want to be drawn into the U.S.-China trade war, he said.
“Expressions of concern are certainly not going to change the Chinese intention one little bit,” he added.

A joint U.S.-European report released this week on relations with China described “a deep sense of frustration, fatigue, and futility. The stronger China gets, the less willing it has become to even engage perfunctorily with the West on the issue.”

The report — from the Asia Society, the Bertelsmann Stiftung and George Washington University — said that concern about human rights abuses in China remains deep, from the new security law in Hong Kong, which went into effect Tuesday night, to the repression of Muslim minorities in the Xinjiang region in western China.

China routinely dismisses all such criticism as interference in its domestic affairs. One of the crimes in the Hong Kong security law explicitly outlaws receiving funding or support from overseas to disrupt lawmaking in Hong Kong or impose
sanctions on the city.

“This issue is purely China’s internal affairs, and no foreign country has the right to interfere,” Chinese Foreign Ministry spokesperson Zhao Lijian said.

Many fear the law will be used to curb opposition voices and see it as Beijing’s boldest move yet to erase the legal firewall between the mainland’s Communist Party system and Hong Kong, which was promised a high degree of autonomy and civil liberties under a “one country, two systems” principle.

Britain called the law “deeply troubling” and said it “lies in direct conflict with China’s international obligations.” The U.S. warned that China’s repeated violations of its international commitments “is a pattern the world cannot ignore.” And the European Union warned that China risked “very negative consequences” to its reputation and to business confidence in the global financial hub.

Steve Tsang, who directs the China Institute at London’s School of Oriental and African Studies, said that if the EU were to join forces on the issue with the “Five Eyes” alliance — the U.S., Britain, Canada, Australia and New Zealand — the group would have real economic clout. The EU is China’s largest trading partner.
But he said it was “far-fetched” for either British Prime Minister Boris Johnson or President Donald Trump to work with the EU on the issue.

“It is reasonable for Beijing to calculate that both the U.K. and U.S. are paper tigers,” Tsang said. “Boris is focused on Brexit. He is happy to cooperate with anyone except for the EU.”

Chinese experts said the West isn’t able to sway China because of fundamental differences in their views. The West stresses political rights, while China emphasizes economic rights, said Yu Wanli, an international relations professor at Beijing Language and Culture University.

“It is not that China is trying to withstand pressure from the West, but it is that China’s own policies have achieved results,” Yu said. “China doesn’t need to care about pressure from the West.”
Stressing a legal and moral duty to its former colony, Britain on Wednesday announced it is extending residency rights for up to 3 million Hong Kongers eligible for British National Overseas passports, allowing them to live and work in the U.K. for five years. In Brussels, the European Parliament last month passed a resolution calling on the EU to consider taking Beijing to the International Court of Justice.

Reinhard Bütikofer, chair of the European Parliament’s delegation for China relations, said lawmakers are considering other measures, such as a ban on exports of “technology utilized to oppress Hong Kong citizens.” Other options include a “lifeboat” offer for Hong Kong democracy activists, and pushing for the United Nations to appoint a special envoy to the city.

“The major burden is on the incoming German presidency to rally member states in following through in what they have indicated in the past, that this would not remain without consequences,” Bütikofer said.
In the U.S., the Trump administration has said it will bar defense exports to Hong Kong, cancel policy exemptions that give Hong Kong special treatment, and impose visa restrictions on Chinese Communist Party officials “responsible for undermining Hong Kong’s autonomy.”

Zhao, the foreign ministry spokesperson, said the U.S. will never succeed in blocking Hong Kong’s national security legislation through sanctions.

Wye, the Chatham House associate fellow, said the impact of such measures on China is likely to be marginal.

“I don’t think Beijing has anything particular to fear because the sanctions they’re talking about are mainly withdrawing special status in particular areas of Hong Kong and treating it more like the rest of China,” he said. “So the people likely to be hurt are Hong Kong businesses and Hong Kong people rather than Chinese businesses and the Chinese government.”
Hong Kong Brokers Are Already Reading From Beijing’s Script

By David Fickling | Bloomberg

July 3, 2020 at 3:14 a.m. EDT

The national security law China imposed on Hong Kong this week will damage civil liberties with long jail sentences and grant immunity to Chinese agents working in the territory. For investors who depend on the city as a financial center, though, there may be an extra sting in the tail.

The law could increase self-censorship by Hong Kong’s analysts and economists, and damage the credibility of research reports, the Financial Times reported this week. The need to maintain relationships with mainland clients has influenced coverage in the past, but many fear the new law will exacerbate this trend.

It’s a bit late to be worrying about that, though. Self-censorship isn’t just a matter of avoiding gratuitous digs and glib phrases. If you look at the ratings given by equity analysts in recent years, it seems to include portraying companies with strong mainland connections as better investments than they actually are.
Take the 50 companies on the Hang Seng Index. You can easily break them into three groups: 15 Chinese state-owned enterprises, or SOEs, such as Bank of China Ltd. and PetroChina Ltd.; 13 civilian-controlled mainland Chinese businesses, or COEs, such as Tencent Ltd. and Sino Biopharmaceutical Ltd.; and 22 other, mostly locally controlled stocks, such as HSBC Holdings Plc, CK Hutchison Holdings Ltd. and AIA Group Ltd\(^{(1)}\).

Then look at the extent to which analysts’ consensus target prices have exceeded actual stock prices in recent years. SOEs get the most favorable treatment, with target prices exceeding actual prices by an average of 24% since the start of 2016, compared to 16% for the COEs and 13% for non-mainland companies.

It’s not just in Hong Kong that brokers’ target prices tend to run higher than the actual market — there’s a reason they’re called sell-side analysts. China is still an emerging market, too, so it’s not impossible that its stocks simply have more upside than those operating out of a mature economy such as Hong Kong.
So perhaps the reason state-owned enterprises get a target price premium over local companies is simply that they’re better investments that will deliver higher returns to investors?

If only. Thanks to booming tech and biotech stocks and the huge run-up in prices during 2017, civilian-owned Chinese companies did achieve pretty stunning average total returns of 31% over the past four-and-a-half years. SOEs, however, averaged a measly 1.9%, far less than the 6.1% achieved by the non-mainland stocks.

It’s not totally irrational that possessing a wealthy patron should be seen as an advantage for some investments. The Chinese state tends to put its thumb heavily on the scales in favor of its own organs, with diminishing benefits the further you get from the commanding heights of the economy, as my colleague Shuli Ren has written.

In particular, it’s logical for credit analysts to give state-owned enterprises a better rating than those that can’t count on the backing of the Chinese government to bail them out. Even there, you’ve not been paying attention if you think the interests of private bondholders are going to be treated equally with those of better-connected investors.
Still, when looking at the equity market, the proof should be in the pudding. If analysts predict a stock will consistently outperform — as they tend to do in relation to SOEs — then it should do that. If not, they're either bad at their jobs or misleading their clients.

There are many things to worry about in Hong Kong’s new national security law. The integrity of equity research is probably not one of them. Sell-side brokers themselves gave that away long ago.

(1) We’ve equal-weighted each of these baskets of stocks so that a few stocks with huge market caps like Tencent, HSBC or China Construction Bank don’t skew the overall result.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.
David Fickling is a Bloomberg Opinion columnist covering commodities, as well as industrial and consumer companies. He has been a reporter for Bloomberg News, Dow Jones, the Wall Street Journal, the Financial Times and the Guardian.

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How Hong Kong Sanctions Could Threaten Wall Street

By Cathy Chan | Bloomberg

July 8, 2020 at 7:41 p.m. EDT

Citigroup Inc., JPMorgan Chase & Co., HSBC Holdings Plc and their peers face a threat to their massive expansion plans in China from a U.S. move that would sanction Chinese and Hong Kong officials involved in imposing a national security law on the former British colony. Wall Street and their European rival’s push for Chinese riches could be further imperiled should China retaliate.

1. What’s in the bill?

The U.S. Congress passed a bill that would require the State Department, in consultation with the Treasury, to report on and establish penalties for foreign persons and entities who have “materially” contributed to undermining Hong Kong’s “one country, two systems” framework. It gives the president the power to block assets and deny U.S. entry to those involved.
2. How are banks drawn in?

The legislation would also penalize foreign financial institutions that knowingly do business with sanctioned individuals. Big U.S. banks are at risk since their foreign subsidiaries may have Chinese officials, their relatives and associates as customers. Investment banks get a big chunk of their Chinese revenue from stock sales, financing for companies and big shareholders. Commercial and retail banks in the U.S. could be even more exposed because most global transactions are done in U.S. dollars and flow through the U.S. banking system. The report on banks will be submitted after individuals are disclosed, giving lenders time to adjust.

3. What are the penalties?

Banks singled out could face a cascade of sanctions, including a block on assets, restrictions on access to loans from U.S. institutions, bans on being a primary dealer in U.S. debt, conducting foreign exchange and banking transactions as well penalties on executives among others, according to the bill.
4. What’s at stake?

The five big U.S. banks had a combined $701 billion of exposure to China in 2019, with JPMorgan clocking the biggest investment at $19 billion. They now could also face the risk of a tit-for-tat if China chooses to retaliate over the U.S. sanctions, clouding their growth plans and threatening income they have generated over the years from advising giants such as Alibaba Group Holding Ltd. Profits in China’s brokerage industry could hit $47 billion by 2026, Goldman Sachs Group Inc. estimates, with foreign firms gunning for a considerable share. Insurers, asset managers and commercial banks are also pushing into China.

Spokespeople at Citigroup, JPMorgan and HSBC declined to comment.

5. How worried are they?

While the U.S. has broad authority to impose penalties under the act, the initial fallout may be limited to the most senior Chinese officials since the U.S. is unlikely to take action that will significantly disrupt trade or hurt the global economy.
according to estimates from bank executives who asked not to be identified
discussing an internal analysis.

6. What are banks doing now?

Global banks are reviewing their client base to identify people who may be exposed
to sanctions and looking over agreements to make sure that they have clauses that
allow them to ditch customers without penalty. Once the sanction list is released,
banks will need to ensure they have effective procedures to cut ties with those
individuals.

7. What about Chinese banks?

China’s biggest state-owned lenders, led by Industrial & Commercial Bank of China
Ltd., are the most exposed given their close ties to the country’s government
officials. Severing those links would be difficult, if not impossible. Chinese lenders
have $1.1 trillion in dollar funding at stake, according to Bloomberg Intelligence. If
they are sanctioned, the president can also ban U.S. investors from holding equity
or debt in the lenders.

8. Can companies be sanctioned?
Yes. Sanctions would also apply to entities. A broad application to companies, especially ones that have a significant footprint in China or Hong Kong, would pose a greater risk to global banks because it can be harder to untangle those relationships. Banks will likely be prohibited from doing business with a company that’s 50% or more controlled by a sanctioned individual, according to Office of Foreign Assets Control guidance.

9. What’s the timing?

President Donald Trump hasn’t indicated yet whether he will sign the bill, but it has veto-proof support in Congress. If enacted, the State Department has 90 days to submit a report on whether any individuals or companies merit sanctions. Reports on financial institutions must be submitted within 60 days after that. The president has the leeway to wait one year before imposing sanctions.

10. Has this happened before?

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Additional information is available at the Department of Justice, Washington, DC.
Similar. Treasury's Office of Foreign Assets Control included the Venezuelan central bank in its list of sanctioned entities in April last year. In 2018, the Trump administration sanctioned seven Russian tycoons, 12 companies and 17 senior government officials including key allies of President Vladimir Putin. BNP Paribas SA was fined $8.9 billion by the U.S. in 2014, the largest ever for an individual bank, for transactions with Sudan and other blacklisted nations.

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What Hong Kong Losing Its ‘Special Status’ Would Mean
By Iain Marlow and Daniel Flatley | Bloomberg

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Under the United States-Hong Kong Policy Act of 1992, the U.S. treats Hong Kong, a semi-autonomous part of China with its own legal and economic system, differently than the Chinese mainland in trade, commerce and other areas. President Donald Trump has begun stripping away that “special status” to punish China for moves to tighten its grip on the city after a year of pro-democracy street protests. At its most extreme, that could mean the global financial hub being treated the same as any other Chinese city -- a seismic shift that could harm both economies at an already difficult time. China has already begun retaliating.

1. Is the special status gone?

It’s going. On May 27, Secretary of State Michael Pompeo notified Congress that the Trump administration no longer regarded Hong Kong as autonomous from mainland China. On June 29, Commerce Secretary William Ross said the special status had therefore been revoked.
2. What’s been the impact?

In an opening salvo, Pompeo announced visa restrictions against unspecified Chinese officials; China did the same against Americans. Pompeo said the U.S. would also cease selling defense equipment to Hong Kong, a largely symbolic act that will mostly affect the city’s police and corrections forces. The Commerce Department made it harder to export sensitive American technology to Hong Kong by suspending special treatment in areas including export license exceptions; Hong Kong’s leader said the impact would be “minimal.” More far-reaching measures could follow. The city is still treated differently from the the mainland when it comes to tariffs, for instance.

3. Why so slow?
It’s up to Trump to decide how quickly he wants to move while he’s also threatening consequences for China over its handling of the coronavirus and its repression of minorities in Xinjiang province. Hurting China also carries additional risks for the U.S. economy, including the U.S.-China trade deal that Trump had considered one of his biggest achievements, which could affect his odds of winning re-election. Trump has made harsh comments but hasn’t threatened specific punishments for the Beijing government.

4. What’s at stake for Hong Kong and China?

While Hong Kong remains a key gateway from China to the rest of the world, it matters far less to the country’s fortunes than it once did. In 2019, 12% of China’s exports went to or through Hong Kong, down from 45% in 1992. China is also far less reliant on inflows of foreign capital and expertise, and has made a much lower priority of making the yuan an international currency. Nonetheless, the city still matters. Hong Kong’s open capital account and adherence to international standards of governance are unmatched by any mainland Chinese city and make it an important base for international banks and trading firms. Revoking the special status would be “the nuclear option” and “the beginning of the death of Hong Kong as we know it,” said Steve Tsang, director of the University of London’s SOAS China Institute.
5. And their financial markets?

One worst-case scenario: if the U.S. treats Hong Kong no differently than any other Chinese city, why wouldn’t ratings firms and investors do the same? It’s a question posed by Deutsche Bank, which noted that S&P Global Ratings has Hong Kong three notches above China while Moody’s and Fitch have Hong Kong one notch higher. The risk is that China’s own rating gets lowered in coming years and drags Hong Kong’s with it. At the same time, equity index providers may take a fresh look at Hong Kong, which is currently in the MSCI World Index with other developed markets. China is in the emerging market index, raising the question, should Hong Kong be treated the same as Shanghai and Shenzhen?

6. What about for the U.S.?
It has its own reasons for not rocking the boat too much. Hong Kong, the only semi-democratic jurisdiction under Chinese rule, offers U.S. companies a relatively safe way to access the Chinese market and employs a U.S. dollar peg, linking it with the American financial system. According to the Congressional Research Service, the largest U.S. trade surplus in 2019 was with Hong Kong — $36 billion. Hong Kong counted 278 U.S. companies with regional headquarters in the city that year and another 457 with offices. Hong Kong’s first justice minister after the handover to China in 1997, Elsie Leung, told the South China Morning Post in May that any damage would be mutual: “We are not just getting the benefits – it’s a free-trade arrangement which is good for both sides.”

7. How has China responded?

Despite the U.S. action, Chinese lawmakers approved new national security legislation for Hong Kong anyway. The Foreign Ministry has promised unspecified retaliation against what it terms foreign interference, insisting Hong Kong is purely an internal affair. China said last year it would sanction some U.S.-based activist groups including the National Endowment for Democracy, Human Rights Watch and Freedom House, and suspend port visits by U.S. Navy ships to Hong Kong. The official Xinhua News Agency has dismissed as “groundless” accusations about the loss of freedom or human rights issues in Hong Kong. It also noted that the 2018 Human Freedom Index compiled by the Fraser Institute, a Vancouver-based think tank, ranked Hong Kong at No. 3, well ahead of the U.S. at No. 17.
8. And Hong Kong?

The city's leader, Chief Executive Carrie Lam, has defended the national security law (as has Li Ka-shing, Hong Kong's richest tycoon). Lam also has said it would be "totally unacceptable" for foreign legislatures to interfere in Hong Kong's internal affairs, and that sanctions would only complicate the problems in the city. (Lam was selected in 2017 by a committee of 1,200 political insiders overwhelmingly loyal to the Chinese government.) She has sought to reassure investors that the city still adheres to the rule of law and has an independent judiciary. She also has defended police actions.

9. Is this what the protesters have been seeking?
As a largely leaderless movement, the Hong Kong protests have made no official request for international assistance. But some prominent activists including Jimmy Lai and Joshua Wong called on Trump to hit China hard with sanctions, even to the point of revoking the city’s special trading status. Wong had testified last year in Washington in favor of the bill, seeking to put pressure on China. On the streets of Hong Kong, some protesters have made clear their interest in U.S. support by waving American flags, singing “The Star-Spangled Banner” and calling on Trump to “liberate” Hong Kong.

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