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Hong Kong's status on the international stage in jeopardy: Asia's World City at a crossroads

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Chief Executive of Hong Kong John Lee unveiled on 2nd February 2023 a promotion campaign that will include 500,000 free flights up for grabs¹. Dubbed “Hello Hong Kong”, this program aims at luring visitors, businesses, and investors back to the financial hub after more than three years of harsh COVID-19 restrictions that cut off the city from the world. Although the territory is supposed to be autonomous when it comes to health policy, the Hong Kong government actually aligned itself on Beijing's hardline approach towards COVID-19 and implemented tough rules such as weeks-long quarantines or forced isolation. Speaking in English, Lee said the campaign would show the city was open to tourism and was aimed at boosting business and investment in the Chinese Special Administrative Region (SAR). Hong Kong's status is pretty unique as it is neither a country nor just a Chinese city. For a matter of clarity, it will be interchangeably defined as a territory or a city. Under the constitutional principle of “One country, two systems”, the territory is a SAR of the People's Republic of China, along with Macau. It enforces its own Constitution, known as the Basic Law, and benefits from an enlarged autonomy regarding the judicial system, the economic policy, or civil liberties. Thus, assessing Hong Kong's international status remains a difficult task because of the territory's special political situation and the fact that it is a non-sovereign territorial entity in international terms. Launched roughly nine months after “Asia's World City” was hit by one of the deadliest waves of Covid-19 worldwide, this \$2 billion initiative is the latest indicator of the gradual reopening of Hong Kong. The axing of most COVID-19 curbs including the much controversial mandatory quarantine enforced by the local government fueled this trend, along with the comeback of international events such as the Hong Kong Sevens rugby competition and the Global Financial Leader's Investment Summit in November 2022. The underlying goal was to

¹ Yau, C., & Yau, C. (2023, 3 février). ‘World's biggest welcome ever’ : Hong Kong launches all-out promotional drive to entice visitors back after. *South China Morning Post*. <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3208919/worlds-biggest-welcome-ever-hong-kong-launches-all-out-promotional-drive-entice-visitors-back-after>

restore Hong Kong's top-notch international status, as the territory was the pre-eminent bridge between China and the world and was ranked as the 3rd global city worldwide according to the 2020 Globalization and Global Cities Research Net ranking, lying right behind New York and London and surpassing Paris, Tokyo, or Shanghai². That being said, these encouraging signals will not cover the fact the SAR suffered greatly from this prolonged isolation, resulting in an unprecedented exodus in 2022 combined with a loss of status on the international stage as rival Singapore recently overtook Hong Kong's spot as the 3rd financial hub in the world and the 1st one in Asia³. This is not to mention the already concerning situation Hong Kong was mired in the late 2010's due to the historical protests that brought the city on the brink of chaos following the introduction by the Hong Kong government of the Fugitive Offenders amendment bill on extradition in 2019. Those events brought uncertainty in a territory that deeply relies on trust and stability as it is one of the leading financial and tourist hubs worldwide. Therefore, it seems relevant to determine whether the city's status on the international stage is in jeopardy or not.

The draconian health policy enforced in the past few years, combined with destabilizing socio-political unrest, and growing structural weaknesses put Hong Kong in a troubling position. As a result, the city is facing tremendous challenges, be it the extended and devastating isolation the citizens and the economy were put in, an unprecedented exodus or the emergence of rivals. This will be put into perspective as the SAR's singularity and capacity of resilience has many times been shown in history.

² *GaWC - The World According to GaWC 2020.* (s. d.). <https://www.lboro.ac.uk/microsites/geography/gawc/world2020t.html>

³ The Global Financial Centres Index - Long Finance. (s. d.). <https://www.longfinance.net/programmes/financial-centre-futures/global-financial-centres-index/>

I. The perfect storm: Hong Kong's situational and structural hassles

A draconian health policy having cut the SAR off the world

Ever since the beginning of the Covid-19 pandemic back in early 2020, Hong Kong distinguished itself by enforcing a very strict health policy. By the end of March 2020, the city became completely sealed off from the rest of the world including Mainland China as the local government announced the closing of the borders to all incoming non-residents arriving from overseas. All returning residents became subject to the Compulsory Quarantine Order, which required all to stay at a reported quarantine premise for 14 days. Later on, the duration of quarantine was even extended to 21 weeks while the rest of the world started to learn how to live with the virus. It was only in September 2022 that Hong Kong announced it would progressively lift the compulsory quarantine. As a logical aftermath, air traffic at the Hong Kong International Airport – once Asia's busiest international airport - plummeted, losing 88% of its passenger volume in just a few months. International Air Transport Association (IATA) director general Willie Walsh, attending an IATA conference in Doha, stated in 2022 that Hong Kong had lost its status as an international hub due to China's "zero-corona policy"⁴. The number of visitor arrivals plunged too. Once one of the most touristy places in the world, recording more than 55,9 million visitor arrivals in 2019, the SAR became a no-go zone. In 2021, Hong Kong recorded roughly 90,000 visitors⁵. It will take years before the Frangrant Harbor returns to the pre-pandemic levels. Although the SAR was first praised for its approach as it successfully kept the virus at bay for a long period of time, Covid-19 curbs within

⁴ Aviation, C.-. C. F. (2022). Hong Kong 'loses its status as an international hub' as a reaction to China's zero-COVID policy. Dans CAPA - Centre for Aviation. <https://centreforaviation.com/analysis/reports/hong-kong-loses-its-status-as-an-international-hub-as-a-reaction-to-chinas-zero-covid-policy-623502>

⁵ Hong Kong : visitor arrivals 2022 | Statista. (2023, March 17). Statista. <https://www.statista.com/statistics/317143/hong-kong-visitor-arrivals/>

the city became very harsh as well, as Covid cases skyrocketed early 2022 and Hong Kong logged the world's highest covid death rate, above 25 per 100,000 residents. Compulsory testings and localized lockdowns became the norm, while group gatherings were capped to 2 people during the worst wave. Combined with the recent protests Hong Kong has experienced, the Covid-19 pandemic formed a perfect storm that strongly hit the city and dealt a huge blow to its international reputation.

Destabilizing political and social unrests

Without any doubt, the destabilizing political and social unrests the SAR has experienced in the past few years have harmed its reputation as a very safe and secure place. Pictures and videos of the 2019-2020 Hong Kong protests have gone viral worldwide for better and for worse. Indeed, while powerful pictures showing millions of peaceful protesters marching between the city's iconic skyscrapers were broadcast, others portrayed near-civil war scenes. A case in point is the siege of the Hong Kong Polytechnic University located on the Kowloon Peninsula, which occurred in November 2019. Hundreds of protesters, mostly students, were trapped in the premises of the university and fought the police for more than a week and 5 days. What triggered this exacerbation of social tensions is the introduction by the Hong Kong government of the Fugitive Offenders amendment bill on extradition in February 2019, which would allow the SAR to detain and transfer people wanted in countries and territories with which it has no formal extradition agreements, including Taiwan and the Chinese mainland. Critics highlighted that the law would allow virtually anyone in the city to be picked up and detained in mainland China. This law also criminalized any act of secession, subversion, terrorism, and collusion with foreign or external forces. The terms used are so broad that it is almost impossible to deem what remains legal and what is not,

hence a self-censorship by the citizens⁶. But as times went by, and as it has been the case with past protests in Hong Kong, such as the Umbrella Movement in 2014, the claims of the protesters broadened. The erosion of democracy, clampdowns on civil liberties and China's growing grip on Hong Kong have been denounced. Indeed, ever since the handover on the 1st of July 1997, during which the city has returned to the People's Republic of China's sovereignty, the Hong Kong-Mainland China relationship has always been highly conflictual, the citizens of the former accusing the latter to increasingly meddle with their domestic affairs. The Hong Kong government, along with Beijing's central government responded to this growing social discontent by adopting a hardline approach, be it by arresting thousands of protesters⁷, annihilating pro-democracy parties or by rendering summary judgments of offenders. Therefore, these troubling events destabilized the territory and deeply harmed its status on the international stage. It undermined Hong Kong's safety and livelihood and entailed a drop in the number of tourists, as the revenue per room - an industry metric used to assess hotel occupancy and daily room rates - in most hotels fell by 36% in the third quarter of 2019⁸. On top of that, Hong Kong surely has not escaped the consequences of the US-China trade war. As it is a major financial hub, these tensions strongly affected the city. For instance, the United States stated in 2019 that the country may soon terminate its special economic and trading relationship with the SAR⁹.

⁶ Ngai, P. (2020). Reflecting on Hong Kong protests in 2019–2020. *Hau : The Journal of Ethnographic Theory*, 10(2), 333-338.

⁷ Amnesty International. (2022). Hong Kong : Arbitrary arrests, brutal beatings and torture in police detention revealed. Amnesty International. <https://www.amnesty.org/en/latest/press-release/2019/09/hong-kong-arbitrary-arrests-brutal-beatings-and-torture-in-police-detention-revealed/>

⁸ Staff, R. (2019, October 18). Holiday Inn-owner IHG reports drop in quarterly revenue per room. *U.S.* <https://www.reuters.com/article/intercontinental-outlook-idUSL3N2731R1>

⁹ Yates, S. J. (2022, June 4). Hong Kong's evolving role in US-China relations. Carnegie Endowment. https://carnegieendowment.org/hkjournal/PDF/2008_summer/4.pdf

Growing structural weaknesses

This is not to mention that the SAR is experiencing growing structural weaknesses. As part of a global trend, rich people in Hong Kong tend to be richer. The same trend is observed about the poorest section of the territory but conversely. To top it off, cost of living has skyrocketed in the past decades, making Hong Kong one of the most expensive cities in the world, and the most expensive one for expats. It is becoming increasingly unequal as well, and Hong Kong's Gini coefficient¹⁰ reached 53,9 in 2023, one of the highest in the world. By comparison, The United States' Gini coefficient is 41,5, while France's is 32,4¹¹. Housing and education have been strongly hit by these trends in the SAR. A recent study showed that more than 220,000 people live in what is dubbed "subdivided flats", which is a 4 by 4 by 6 feet space¹². This worrying figure highlights how the housing market in Hong Kong has grown tighter. People who have worked their entire lives may still not be able to afford the down payment of an ordinary apartment because wage growth has fallen so far behind real estate prices. This is a concerning situation because that might kill the aspirations of an entire generation. It hinders not only personal mobility but also intergenerational mobility in Hong Kong. In particular, ordinary Hongkongers in the SAR have to save money for more than 15 years without spending money at all in order to afford the down payment of a flat. Education is another matter of concern. Indeed, incorporation of mainland Chinese values and growing censorship might hinder expressiveness of the coming generations. Moreover, the rewriting of history that mainland China and the Hong Kong government are operating hand in hand might dissolve the specific Hong Kong identity and make people forget about how the territory

¹⁰ The Gini coefficient is a measure of income inequality that ranges between 0, indicating perfect equality, and 100, indicating complete inequality.

¹¹ Wisevoter. (2023, March 20). Gini Coefficient by Country 2023 - Wisevoter. <https://wisevoter.com/country-rankings/gini-coefficient-by-country/>

¹² Wong, B. (2022, June 30). As Hong Kong Marks 25 Years of British Handover, Its « Cage Homes » Remain a Stark Reminder of Its Inequities. Time. <https://time.com/6191786/hong-kong-china-handover-cage-homes/>

has been built and shaped, and how specific traits enabled tremendous achievements. Furthermore, research has shown that the non-inclusivity of the education system prevents minorities from bettering their conditions. Shalini Mahtani, Founder and CEO of the Zubin Foundation and Community Business referred to the non-inclusive education policy as an unfair system that prevents members of ethnic minorities from learning Chinese, obtaining a better job, and assimilating into society. She argued that because of institutional segregation, the attempts made by the marginalized group to rise up the social ladder frequently fail, and they eventually find themselves at the base of the social pyramid, suggesting that the upward social ladder is increasingly dysfunctional¹³. In the long run, these structural weaknesses may jeopardize Hong Kong's status on the international stage as it is making the city less attractive.

II. A loss of attractiveness with far-reaching implications

A devastating isolation for both the citizens and the economy

The future of Hong Kong became blurrier since the 2019-2020 protests that shook the SAR for months. The socio-political crisis that followed had a tremendous impact on Hongkongers and the city's economy. Yet, it's nothing compared to the aftermath of the Covid-19 pandemic. Studies have shown a worrying surge of mental health issues ever since the crisis began. Compared with 2016 and 2017, the stress level increased by 28,3%, prevalence of anxiety increased by 42,3% and the depression symptoms have more than doubled during the Covid-19 outbreak¹⁴. Indeed, draconian restrictions had a significant

¹³ Cliftse. (2021, November 18). Does the Lion Rock Spirit Still Work in Hong Kong ? – The Final HKU Business School x HKGCC Webinar Explores Social Inequality in Hong Kong - HKU Business School. HKU Business School -. <https://www.hkubs.hku.hk/media/school-news/does-the-lion-rock-spirit-still-work-in-hong-kong-the-final-hku-business-school-x-hkgcc-webinar-explores-social-inequality-in-hong-kong/>

¹⁴ Zhao, S., Wong, J. Y. H., Luk, T. T., Wai, A. K. C., Lam, T. H., & Wang, M. P. (2020). Mental health crisis under COVID-19 pandemic in Hong Kong, China. *International Journal of Infectious Diseases*, 100, 431-433.

impact on the citizen's life. Most venues where people usually socialize, such as restaurants, bars and cinemas have been shut for months. Schools also closed for months. This is not to mention that the stringent quarantine rules added to the mental toll, as it split thousands of families for years. A Hongkonger who lost his father during the pandemic explained : “those who are overseas can only attend the funeral through video conferencing. We feel quite helpless. We only had one dad, but when the biggest thing happened, they (her sister) couldn't come back.”¹⁵ The pandemic and the restrictions that ensued strongly hit Hong Kong's economy too. The business owners lost a lot of money to a point that they almost needed to shut it down. What is more, landlords did not adjust rents in one of the world's most expensive real estate markets to compensate for the business slump. This put a great strain on Hongkongers. On a larger scale, the SAR's economy contracted by 6,1% and the unemployment rate surged from 3,3% in 2019 to a 16-years high of 6,6% over the course of 2020¹⁶. Overall, a Natixis SA calculation shown that Hong Kong's isolation costed the economy \$27 billion¹⁷. This troubling context surely harmed the city's reputation and sparked an unprecedented exodus.

The unprecedented exodus of citizens and businesses

“For Hong Kong's international credibility, it is shot to pieces,” said David Webb, a longtime corporate governance activist in Hong Kong¹⁸. Indeed, it turns out that the SAR witnessed a concerning exodus induced by the Covid-19 pandemic as it deeply harmed the

¹⁵ Pang, J. (2022, April 14). Hong Kong questions costs of COVID rules on mental health, livelihoods. Reuters. <https://www.reuters.com/world/china/hong-kong-questions-costs-covid-rules-mental-health-livelihoods-2022-04-14/>

¹⁶ Economic and financial environment. (2020). Dans Hong Kong Monetary Authority. https://www.hkma.gov.hk/media/eng/publication-and-research/annual-report/2020/12_Economic_and_Financial_Environment.pdf

¹⁷ Disis, J. E. (2023, January 4). Hong Kong's Isolation Estimated to Cost Economy \$ 27 Billion. Bloomberg.com. <https://www.bloomberg.com/news/articles/2023-01-04/hong-kong-s-isolation-estimated-to-cost-economy-27-billion?leadSource=uverify%20wall>

¹⁸ Stevenson, A. (2022, September 28). Can Hong Kong Recover as a Global Metropolis After Pandemic Barriers ? The New York Times. <https://www.nytimes.com/2022/09/28/business/hong-kong-covid-international-city.html>

city's attractiveness. Hong Kong's population dwindled for a third straight year, with a net outflow of 60,000 residents, resulting in a decline of roughly 1 percent of the global population in 2022 according to official figures¹⁹. It's the sharpest annual drop in population ever recorded since the local government began tracking figures in 1961. A huge share of the people leaving the city are expatriates, as it was estimated that almost 10% of the European expatriates had left Hong Kong in the past few years. Stringent Covid-19 rules have made it hard for foreign businesses to persuade employees not to leave, and many multinational corporations that have spent decades in Hong Kong have relocated their offices and workers to less restrictive locations like Singapore and Seoul. A survey conducted by the European Chamber of Commerce in Hong Kong found out that 65% of the firms planned to relocate in the next 12 months²⁰. For many, the government's harsh response to the Omicron wave early 2022 was the last straw. This is not to mention that a huge share of emigrating Hongkongers is highly educated, which sparks worries of an unprecedented brain drain. International teachers, foreign athletes and many of Hong Kong's own professional elite have left as well. Almost 3,500 teachers resigned in the last academic year, withdrawing \$1.3 billion from the city's pension system²¹. They left in light of continuing school disruptions and worries about potential mass testing and family separations in government quarantines. Covid-19 aside, the clampdown on civil liberties following the last large scale protest also played a huge role in this exodus. In particular, the imposition of the national security law in the wake of the 2019-2020 Hong Kong protest led many human rights organizations to leave the city for good. Amnesty International

¹⁹ Yiu, W., & Yiu, W. (2023, February 16). Hong Kong's population drops for 3rd straight year, while city posts net outflow of 60,000 residents in 2022. South China Morning Post. <https://www.scmp.com/news/hong-kong/society/article/3210429/hong-kong-emigration-wave-net-outflow-60000-residents-2022-marking-09-cent-population-drop-3rd>

²⁰ Impact of Covid-19 on the Business Community. (2005). Dans European Chamber of Commerce Hong Kong. https://www.eurocham.com.hk/files/ugd/a9d48d_83357d9732d04e6b8b9761c537f0bfd.pdf

²¹ Stevenson, A. (2022, September 28). Can Hong Kong Recover as a Global Metropolis After Pandemic Barriers ? The New York Times. <https://www.nytimes.com/2022/09/28/business/hong-kong-covid-international-city.html>

announced in 2021 it would close its Hong Kong office after almost 40 years. “Hong Kong’s national security law has made it effectively impossible for human rights organizations in Hong Kong to work freely and without fear of serious reprisals from the government”, stated Anjhula Mya Singh Bais, chair of Amnesty’s International board²². Media companies, including The New York Times, began moving staff to other Asian cities too. It’s becoming clear that much of Hong Kong’s once-vibrant civil society is unlikely to return as the prospects on the matter are pretty concerning.

The emergence of regional rivals

The significant loss of attractiveness Hong Kong experienced allowed and bolstered the emergence of rivals within the People’s Republic of China and abroad. Be it regarding flows of air passengers or the pulling out of headquarters, cities like Tokyo, Seoul or Dubai all benefited from the troubling position the SAR is put in. Once dubbed “Asia’s World City”, it is now more and more challenged by other global cities. However, no city has benefited more of this reshuffling of cards than Singapore, Hong Kong’s historic rival. Being two of the four Asian Tigers, the cities compete for the top spot in Asia. While the Covid-19 pandemic dealt a huge blow to the Fragarant Harbor, the Lion city – Singapore’s nickname – rose, surpassing its twin. The latter recently overtook Hong Kong’s spot as the 3rd financial hub in the world and the 1st one in Asia. It also successfully lured the citizens leaving Hong Kong to settle in Singapore, attracted by the ease of business, family friendliness, tax incentives and open borders. Large companies, such as L’Oréal, Moët Hennessy or VF Corporation all relocated to the city bordering the strait of Malacca. Singapore and Hong Kong are in competition with one another as a location for mainland Chinese businesses to set up separate corporations for their

²² Riordan, P., & Ho-Him, C. (2021, October 25). Amnesty International to leave Hong Kong amid fears for staff safety. Financial Times. <https://www.ft.com/content/7f1b8dc9-b756-469f-a099-a32e021b9e82>

global operations. Several business owners hope to strengthen their global reputations by identifying as Singaporean firms²³. What's more, the SAR is said to lose its status as an international metropolis as some say it is becoming just another big city in China. Indeed, the Chinese central government is pursuing a policy aiming at intertwining Hong Kong and mainland China deeper. If the recent clampdown on civil liberties following the enforcement of the extradition law is an example, the Greater Bay Area project is also worth mentioning. It is a megalopolis of nine cities – including Guangzhou and Shenzhen – and two special administrative regions, namely Hong Kong and Macau, envisioned as an integrated economic area aimed at taking a leading role globally by 2035²⁴. Completion of major infrastructures, such as the 55 kilometers long Hong Kong-Zhuhai-Macau bridge or the Shenzhen-Hong Kong high speed rail further connect and incorporate the SAR to the neighboring Guangdong region²⁵. As a consequence, the city might progressively lose its unique status. Signals of this trend can be witnessed. Data indicate that the region is indeed growing less foreign and more Chinese. In 2018, there were 874 new non-Hong Kong company registrations, which is less than half of what there were in 2019. Local business incorporations decreased last year as well and are now 17% below levels for 2019²⁶. Moreover, in 2018, Shenzhen's gross domestic product (GDP) surpassed Hong Kong's for the first time ever. The former, hub of the Silicon Valley of Asia and home to large tech companies like Tencent, is becoming increasingly attractive. So is Shanghai, China's historical commercial hub.

All in all, whether Hong Kong can return to being an attractive city for foreign businesses “would mean a massive effort to rebuild Hong

²³ Yuan, L. (2023, January 19). Entrepreneurs Flee China's Heavy Hand : 'You Don't Have to Stay There'. The New York Times. <https://www.nytimes.com/2023/01/19/business/china-singapore-immigration-entrepreneurs.html>

²⁴ Kuhn, B. (2021). Chinas Greater Bay Area. *Wirtschaftsdienst*, 101(4), 311-315.

²⁵ Hui, E. C., Li, X., Chen, T., & Lang, W. (2020). Deciphering the spatial structure of China's megacity region : A new bay area—The Guangdong-Hong Kong-Macao Greater Bay Area in the making. *Cities*, 105, 10216.

²⁶ Brooker, M. (2023, March 8). Hello Hong Kong ? City's New Normal Post-Covid Isn't Fooling Anyone. Bloomberg.com. <https://www.bloomberg.com/graphics/2023-opinion-how-livable-are-cities-three-years-after-start-of-covid/hong-kong.html?sref=ZbdXkV8w>

Kong's global image," stated Frederik Gollob, the chairman of the European Chamber of Commerce in Hong Kong²⁷.

III. A light at the end of the tunnel for Asia's World City?

A capacity of resilience deeply anchored in the Hongkongese psyche: The Lion Rock Spirit

Even though Hong Kong's situation raises legitimate concerns, the city's future is certainly not doomed. Asia's World city was built and shaped through hardships and has always successfully appealed to its core values to get through. These core values are embodied by what is dubbed the "Lion Rock Spirit", which takes its name from the Lion Rock Mountain, a 495-meter-high mountain, whose shape reminds people of a crouching lion. The mountain has been associated with the founding myth of the territory. Known as the Lion Rock Myth, it displayed a narrative about how Hong Kong has been built and shaped by its own citizens. This myth quickly became part of Hong Kong's historical narrative and became part of its institutionalized history while simultaneously becoming part of the everyday. The core values enabling the construction of modern Hong Kong are encapsulated under what is called the Lion Rock Spirit. The original Lion Rock Spirit's purpose was the struggle for better living standards. Indeed, sense of sacrifice, go-getting spirit and hard-working mentality played a huge role in Hong Kong's remarkable development from a "barren rock" to a "capitalist paradise"²⁸. Following the handover in 1997 and despite much uncertainty, the SAR continued to thrive, although inequalities grew starker. Facing new challenges related to job insecurity or the rise in costs, Hongkongers stuck to the core values embodied by the Lion Rock Spirit and continued to strive for

²⁷ Stevenson, A. (2022, September 28). Can Hong Kong Recover as a Global Metropolis After Pandemic Barriers? The New York Times. <https://www.nytimes.com/2022/09/28/business/hong-kong-covid-international-city.html>

²⁸ Mak, S. Y. (2013). Everyday Imaginings Under the Lion Rock : An Analysis of Identity Formation in Hong Kong.

improvement. There is no wonder Hong Kong's specific mentality helped the SAR deals with the hardships it suffers from in the 21st century. Hong Kong has been badly hit by both the 2002-2003 Sars epidemic and the Covid-19 pandemic. During the former, the SAR logged the second-highest death toll worldwide while more than a million people have been infected by Covid-19 within months in 2022, entailing one of the worst crises in the city in decades. It could have been even worse if Hongkongers did not display their sense of resilience and sacrifice as impressively as they did during these tough times. Local people did exceptionally well in complying with rules, be it mask mandates and stay-at-home orders. Some even start observing social distancing measures well before the government ordered them to do so. Values such as resilience or sacrifice, which are some of the core values of the Lion Rock Spirit, are crucial in fighting a pandemic. The case studies of pandemics in the city highlight how resilient Hong Kong and its citizens have been²⁹. It should be a source of inspiration for the future so that the city can successfully bounce back.

Encouraging signs of recovery

There is room for optimism indeed. The city progressively dropped all the Covid-19 curbs it was implementing. After completely removing the much controversial mandatory quarantine in the fall of 2022, the local government axed the remaining social distancing rules early March 2023 by ending the mask mandate for the first time in almost three years. Authorities have drastically changed their stance on the virus and are now determined to help Hong Kong regain its status on the international stage. The SAR began welcoming international events again. On the 4th of November 2022, it hosted the Hong Kong Sevens, an international rugby competition which has been a flagship sport event in the city for almost half a century. The thundering cheers

²⁹ Hong Kong unmasked : how the protests hit home in one neighborhood. (2019, October 21). Reuters. <https://www.reuters.com/investigates/special-report/hongkong-protests-neighborhood/>

of over 30,000 fans in the Hong Kong stadium contrast with the chaotic scenes shot a few months before while the city was fighting its deadliest Covid-19 wave. A few days before the opening ceremony of the Hong Kong Sevens, the territory hosted a major financial summit attended by 30 chief executives of global banks and funds. It was the first international event organized since the beginning of the pandemic. The message conveyed was clear: Hong Kong is willing to be back as a major financial hub. In order to lure people and businesses back into the city, the local government implemented a wide set of incentives, the "Hello Hong Kong" campaign being at the center of this charm offensive. Not only authorities announced it would give away consumer vouchers worth HK\$5,000 (637\$) per person to all adults in 2023, but it also launched several schemes to attract talent, including a special visa allowing high-caliber candidates to live in the city even before securing a job, and a capital investment entrant scheme. The policy initiatives came as the city kicked off its Wealth for Good in Hong Kong Summit. The goal of the summit is to persuade at least 200 family offices—private businesses that wealthy families establish to manage their investments and charitable endeavors—to establish their headquarters in Hong Kong by the end of 2025³⁰. This change of course in the SAR policy seems to be starting to pay off. People are finally coming back. Hong Kong International Airport logged 2.1 million passengers in January 2023, which represents a nearly 2,900% growth from the same period last year³¹. This coincides with the reopening of mainland China. As a result, the number of visitors to the city jumped nearly 70 times compared with the year before. Even the economic outlook is gradually brightening. The SAR's economy is expected to witness a rebound of 3.5% to 5.5% in 2023, after shrinking 3.5% in 2022, Hong Kong's Financial Secretary said.

³⁰ Castagnone, M. (2023, March 24). Hong Kong spells out incentives for wealthy families setting up in city, including easier path to residency. South China Morning Post. <https://www.scmp.com/business/banking-finance/article/3214690/hong-kong-spells-out-incentives-wealthy-families-set-city-including-easier-path-residency>

³¹ Press Releases, Media Centre - Hong Kong International Airport. (s. d.). Hong Kong International Airport. https://www.hongkongairport.com/en/media-centre/press-release/2023/pr_1632

A singularity safeguarding its prosperity

Ever since its economic take-off in the mid 20th century, Hong Kong has been a hub open to the world. While mainland China was still sealed off from the rest of the world, the city grew international and has established itself as the main gateway to the Middle Empire, as well as one of the biggest financial hubs worldwide. Although the People's Republic of China opened up and other Asian metropolis rose, Hong Kong managed to maintain this special status, as it was granted an enhanced autonomy under the "One country, two systems" scheme³². Indeed, even if the mainland capital market has developed over time and now offers Chinese firms various listing options for higher enterprises, Hong Kong has remained the preferred destination for Chinese tech firms' secondary listings and relistings offshore³³. What's more, Beijing has been able to better handle both policy and financial risks thanks to the SAR's special position as a separate jurisdiction under Chinese de jure and de facto control. At the same time, the central government has expanded its access to resources on the global market and launched new initiatives. This shows that the People's Republic of China needs a semi-autonomous Hong Kong to thrive. This is not to mention that none of the other onshore financial hubs can offer Beijing's top decision-makers the same level of market and regulatory buffers that guarantee their direct market opening. In fact, as Shenzhen and Shanghai officials have conceded, the ambitious liberalizing moves in the two cities have failed to live up to their promise because of Beijing's draconian capital controls that tightened markedly after 2015³⁴. Hong Kong remains more attractive, and a survey conducted by the China Construction Bank discovered that it is

³² Li, Y. V. (2020). The Irreplaceable Outpost? Whither Hong Kong in China's Financial Future. *China Review*, 20(3), 261–278

³³ Langer, L. (2008). Out of Joint? – Hong Kong's International Status from the Sino-British Joint Declaration to the Present. *Archiv Des Völkerrechts*, 46(3), 309–344.

³⁴ Development Research Center of Shanghai Municipal People's Government, "Shanghai zimaoshiyanqu wunianlai tuchu jinzhan yu xinyilun gaige kaifang silu jí tupokou" (Progresses and New Thinking and Breakthroughs at Shanghai FTZ's Fifth Anniversary), 15 April 2019

still the top destination for more than 75% of financial institutions seeking to conduct their offshore renminbi³⁵ businesses³⁶. All in all, Beijing acknowledges the international financial center status of Hong Kong. If the SAR is still crucial to mainland China, it also proves to be very attractive for the outside world, as the territory holds numerous advantages over its competitors. Not only Hong Kong is a free port and has unique trade arrangements with both mainland China and the broader world, but it also holds a distinct asset as its special status allows an ease of transactions with businesses in the mainland when it comes to payment. Finally, and despite it has been a bit tarnished because of the troubling events the city experienced in the past few years, Hong Kong still holds a world-class business reputation. It is one of the world's few global cities, standing alongside the likes of New York, London, and Paris. With a centuries-old reputation as a business hub, international businesses trust companies incorporated in Hong Kong as their partners and clients. All these specificities make the territory a very singular place. This singularity serves both the People's Republic of China and the world.

³⁵ The system of currency of the People's Republic of China, also known as yuan.

³⁶ Renminbi Internationalisation Report 2019. (2019). Dans China Construction Bank. <https://forums.theasianbanker.com/uploads/TAB-PR-RMB-Internationalisation-report-2019.pdf>

Conclusion

The Pearl of the Orient has had a tough time lately. The situational and structural weaknesses aforementioned formed a perfect storm with tremendous consequences. It plunged the city into a social and economic turmoil, triggering an unprecedented exodus and a loss of attractiveness as it dealt a huge blow to the territory's reputation on the international stage. Yet, Hong Kong never collapsed. As it has often been the case in the past, the city and its citizens have found the necessary resources to bounce back. It is slowly healing its wounds and seems ready to regain its jeopardized status of Asia's World City. Indeed, and no matter what happened, Hong Kong remains a singular place. Thanks to its favorable position between mainland China and the broader world, it will likely remain a place that matters on the international stage in the foreseeable future. However, the question of what will happen to the city after 2047 remains blurry. In fact, the "One country, two systems" arrangement, which guarantees Hong Kong's special status is set to expire at this date, 50 years after it was handed over to the People's Republic of China by the United Kingdom. It means the territory will be an integral part of the country and will effectively lose some of its autonomy on the international stage, such as its appellation "Hong Kong, China" in many international settings, be it within the WTO or the Olympics. For many, this deadline is like a sword of Damocles hanging over Hong Kong's head, as what the central government will do is still very unclear. Will Beijing make the territory's special status sustain in order to continue reaping the benefit it enjoyed till today, or will it ax any form of singularity that currently differentiate Hong Kong from the rest of the mainland in a bid to make it toe the line?

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