

# “One Country, Two Systems”

## **Overview**

“One country, two systems” is the bedrock of Hong Kong’s stability and continued success since the establishment of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) on 1 July 1997. The Basic Law, a constitutional document and a national law of China, is the legal foundation for the establishment of the HKSAR under Article 31 of the PRC Constitution and the “one country, two systems” principle. Under “one country, two systems”, Hong Kong exercises a high degree of autonomy while preserving its own economic and social systems, and common law system. Since 1997, the HKSAR has continued to prosper and thrive as an international financial and trading centre and Asia’s world city.

Speaking on the celebration of the 25th anniversary of the establishment of the HKSAR in 2022, **President Xi Jinping reiterated to the world that “one country, two systems” is not going to change.** President Xi said: “one country, two systems” serves the fundamental interests of not only Hong Kong and Macao, but also the whole country and the nation. It has gained wide support from the 1.4 billion-plus Chinese people including the residents of Hong Kong and Macao. It is also widely accepted by the international community. “There is no reason for us to change such a good policy, and we must adhere to it in the long run.”

## **Successful Implementation of “One Country, Two Systems”**

- Hong Kong is a Special Administrative Region of the PRC.
- Hong Kong’s capitalist system, free economy and trusted legal system provide the foundation for economic development and social progress.
- Hong Kong residents continue to enjoy freedom of speech, assembly, procession, information, press and religious belief.
- HKSAR passport holders enjoy visa-free or visa-on-arrival access to over 170 countries and territories.
- Hong Kong’s legal system is separate from the legal system in Mainland China. The continuation of the common law system in Hong Kong is protected by the Basic Law.
- Hong Kong maintains its own laws, own courts exercising judicial power independently and own legal professions.
- Hong Kong is a free port and a separate customs territory, exercises its own immigration control and maintains its police force as well as other law enforcement agencies.

## **Participation in International Organisations**

- Hong Kong continues to actively participate, as a separate member, in relevant international organisations such as the World Trade Organization, the World Customs Organization and the Asia-Pacific Economic Cooperation using the name “Hong Kong, China”. The HKSAR may also participate as a separate team under the name “Hong Kong, China” at international events such as the Olympic Games.
- Over 260 multilateral treaties apply to Hong Kong, while there are more than 250 binding bilateral agreements between Hong Kong and over 70 countries. Major topics of these agreements are air services, investment promotion and protection, surrender of fugitive offenders, mutual legal assistance

in criminal matters, transfer of sentenced persons, avoidance of double taxation and tax information exchange.

### **Closer Connections with the Mainland of China**

- Since 1997, much closer connections and deeper exchanges have been forged with the Mainland in trade, commerce and finance, as well as infrastructure, innovation and technology, education, art and culture, environmental protection, tourism and public health.
- Economic integration with the Mainland has become entrenched, as Hong Kong plays to its strengths to assist national development and expand its own economic footprint and potential in the Mainland and globally.
- The Mainland and Hong Kong signed the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA) in June 2003 to foster progressive market liberalisation as well as facilitate trade and investment. CEPA applies a zero tariff on goods of Hong Kong origin entering the Mainland, and basically achieves liberalisation of trade in services between the two sides.
- Hong Kong plays a pivotal role in the internationalisation of the Renminbi and the opening up of the Mainland’s financial markets and is the world’s largest offshore RMB hub.
- Hong Kong is poised to be a “facilitator” and “beneficiary” of important national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative.

### **Under “One country, two systems” Hong Kong has been rated:**

- World’s freest economy (Canada-based Fraser Institute: Economic Freedom of the World 2024 Annual Report)
- World No.1 for investment environment; Asia-Pacific No.1 and World No.2 for enterprise conditions (Legatum Institute: Legatum Prosperity Index 2023)
- World No.3 and Asia-Pacific No.1 global financial centre (UK-based Z/Yen and China Development Institute from Shenzhen: Global Financial Centres Index released in September 2024)
- World No.6 for Initial Public Offering (IPO) funds raised in 2023
- World’s 7th largest and Asia’s 4th largest stock market by market capitalisation among exchanges at end-August 2024 (US\$4,074 billion)
- World No.5, Asia-Pacific No.2 for competitiveness (International Institute for Management Development (IMD): World Competitiveness Yearbook 2024)
- Asia-Pacific No.3 and World No.7 for digital competitiveness (IMD: World Digital Competitiveness Ranking 2024)

### **Under “One country, two systems” Hong Kong remains:**

- A global business and financial hub with over 9,000 overseas and Mainland companies operating in the city.
- A major publishing hub in Asia – 90 daily newspapers and over 370 periodicals (including a number of electronic newspapers) are published in Hong Kong, which is also a regional base for international media.
- Asia’s world city – welcoming people from all over the world to work, live and study in one of the world’s freest economies and global nexus for international finance, trade, aviation, shipping, logistics, arts, culture and creativity.

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