CY Leung – Vice-Chairman, Chinese People's Political Consultative Conference & Former Chief Executive, Hong Kong Special Administrative Region (HKSAR)

For every example of the US and the Western world decoupling from China, I could give you 1,000 cases of those countries working together with China

19.06.2023

Tags: Hong Kong, China, Investment, R&D, Greater Bay Area

Former chief executive of the Hong Kong Special Administrative Region (HKSAR) Leung Chun-ying (CY Leung) discusses recent science and technology initiatives like the new Hong Kong University of Science and Technology campus in Guangzhou and the

Hong Kong-Shenzhen Innovation and Technology Park, which is set to further foster cooperation between Hong Kong and mainland China.

You were part of the business world and then became involved in the political sphere as chief executive of the Hong Kong Special Administrative Region (HKSAR) from 2012-2017. What has been your focus since 2017?

I have been vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) since 2017 and have the status and responsibilities of a national leader. Therefore, I often travel around the country and also outside of the country performing official duties.

I do not have any other professional activities these days. I do not invest or have any real estate holdings in mainland China because I am still helping the country carry out land reforms and

housing reforms, which I started in 1988 after the change in the constitution. I do not have shares in any companies and am totally impartial commercially speaking.

I have been concentrating a lot of my efforts on Nansha, which is a free trade zone and a district of Guangzhou, the municipal capital of Guangdong province, which is one of the biggest provinces, economically speaking, in the country, right next to Hong Kong.

I also do a lot of work related to fostering the collaboration between Hong Kong and the mainland, as well as on the cooperation between China as a whole and other countries in South East Asia, Japan, Korea, and Western countries.

A large Science and Technology university has recently been set up in Nansha, creating another connection point between Hong Kong and Guangdong province. Can you tell us about that?

The Hong Kong University of Science and Technology (Hong Kong UST) created a joint initiative with Guangzhou University to set up a campus in Nansha called the Hong Kong UST (Guangzhou), which began its first academic year last year.

The Nansha free trade zone offers concessionary tax benefits to Hong Kong residents. Thus, if you are based in Nansha, you pay the same tax rate as if you were working in Hong Kong, which is much lower than many other places in China and very competitive worldwide. In addition, Nansha and Guangdong as whole have great commercialization capabilities and Guangdong province is dubbed the factory of the world.

The reason I have drawn a high level of attention to the creation of the Hong Kong UST (Guangzhou) is that in Hong Kong we do not have the factories to pick up the innovations and inventions of all these bright scientists while in Guangdong they did not have a university like the Hong Kong UST.

On the science and technology front, I would also like to mention that together with my counterpart in Shenzhen, we have finally realised the potential of a site right on the Hong Kong side of the Shenzhen River, which is the boundary between Hong Kong and the mainland. It is called the Lok Ma Chau loop.

The Hong Kong-Shenzhen Innovation and Technology Park is being built in that area. What was the idea behind it and how did it come into being?

The river has always been the boundary between Hong Kong and the mainland and the piece of land where the park is being built was north of the river and therefore part of Shenzhen. Some 30 years ago, Hong Kong and Shenzhen wanted to resolve a flooding problem and decided to straighten the alignment of the river to address it. But after that, the river was still the boundary between Hong Kong and the mainland and it was not clear who owned that piece of land.

From an administrative point of view, the land is subject to Hong Kong's administration and laws, but Hong Kong never owned it. There was a stalemate for many years and the area was abandoned. 20 years later, when I became the Hong Kong chief executive, I got talking with my counterpart in Shenzhen, the party secretary of the Shenzhen government.

He and I were cooperating in many other areas on the science front and we got together and decided we could use that piece of land to promote the development of science, innovation and technology for both Hong Kong and Shenzhen.

I have always been a believer in the economic and social impact of science. For more background on my science and technology efforts, when I was chief executive of Hong Kong, I invited the Karolinska Institute to come to Hong Kong to set up a laboratory, their first outside of Sweden, and raised USD 50 million from a private donor as a five-year budget. Also during my tenure as chief executive- I wanted to establish a new bureau to take charge of science, innovation and technology. Now it has the word industry in it as well, since last year. I tried several times to get it set up but there was political opposition in the legislative council. I finally succeeded, two and a half years late, and I count that as one of the feathers in my cap, in the innovation and technology space. I wanted to push for that also because of the social impact of scientific advancement on the grassroots and wanted to create a knowledge-based economy.

Going back to the science park, it is right on the river and on the other side of that narrow river is Shenzhen. We saw that we could easily build a bridge and have scientists living on the mainland coming to work there every morning and going home every evening. Moreover, we can have Hong Kong scientists and scientists from all over the world and they will be able to congregate and interact there.

Construction of the science park is currently underway and the first building will be completed in about two years and will be managed by the Science Parks Corporation.

Within the current post-COVID-19 context, countries like the US are looking to become more self-sufficient and talking of “decoupling” with China. Will these efforts have an impact on Hong Kong?

For every example of the US and the Western world decoupling from China, I could give you 1,000 cases of those countries working together with China. I cannot imagine from an American point of view how they could entirely decouple from China. Of course, there are the examples of semiconductors, chips, and other things that are being affected by geopolitics, but I do not think decoupling can be total and we would like to continue to foster international cooperation, particularly on the science front. The US has a huge trade surplus with respect to Hong Kong, so we are still recruiting scientists from the US and from other parts of the so-called Western world.

There were very strict lockdown measures in Hong Kong and mainland China during the pandemic. What was the impact of those measures on a social and economic level?

Because of our stringent measures, we were spared human lives and a human health cost and that has to be recognised. That applies to Hong Kong and also to the mainland. On the question of human cost, because of the stringent regulations, the death toll per million was much lower than in the US or the UK. That is something tangible that we achieved.

The economy has bounced back and the last quarter saw about 5.4 percent growth in terms of GDP. But more importantly, we were able to protect the cities as well as villages and towns against the pandemic. It is important to understand that nearly half of the population in China is rural and healthcare is not as good as in big cities. If we had had the same level of infection rate in those places, it would have been very difficult. The health cost and the human cost would have been colossal, but we were spared that.

There was also an impact on the workforce. We do not seem to have many long COVID cases, but employers are finding it difficult to recruit now that they want to expand their businesses again. That is a problem in Hong Kong because the labour market is very tight here.

On a societal level, obviously, our economy was affected. We were not able to move at the same speed in terms of collaboration between Hong Kong and the mainland. Hong Kong is small, and we rely on the mainland as our biggest trading partner.

Hong Kong is an ageing society with low birth rates. How can the population emigrating from the mainland have a demographic impact that can trickle down on economic progress?

Yes, we are an ageing society. We are not as bad as Japan, but our birth rate is very low. Before the pandemic, it was 0.95. Now, it is 0.8 and we need it to be 2.1 to stand still. We now have population growth at modest rates because of people coming in mostly from the mainland to study, work, or get married. Incidentally, about 1/3 of the marriages registered in Hong Kong, are between a Hong Kong resident and a mainland person.

My political opponents when I was chief executive accused me of fostering too much integration between Hong Kong and the mainland because some would like to build a Great Wall along the river and keep the mainland out. But they forget that most of our foodstuffs and water supply actually come from the mainland and the mainland is our biggest trade partner. The two sides are actually coming together very quickly and one of the areas where we can work together is science and technology.

The mainland has been bending over backwards to help Hong Kong. A lot of privileges we get from the central authorities have been written into the Basic Law, which is our Constitution. We do not pay anything to the central government’s coffers, for example. All the other big cities in China that are doing well economically pay a very high percentage of their revenue to the Central Government, like American citizens paying federal tax, but we are exempt. We are also exempt from paying for the Chinese military stationed in Hong Kong while after British rule, we paid roughly USD 100 million to the British every year for them to station their garrison in Hong Kong.

The international community has recently been raising concerns about the sustainability of the ‘one country, two systems’ principle in Hong Kong. What would you say to that?

The concept of one country, two systems, Hong Kong people ruling Hong Kong, with a high degree of autonomy is a complete one. Today, it is no longer conceptual, ever since the Basic Law was promulgated in 1990. When critics say that one country, two systems does not work or that the central authorities of China are not giving Hong Kong a high enough degree of autonomy, I would ask them to be specific as to which of the 160 articles of the Basic Law is not being practised.

Every now and then, British politicians claim that China breaches the Sino-British Joint Declaration by not allowing Hong Kong people to have democracy, but this is not the case. We should again study the Joint Declaration which former British Prime Minister Margaret Thatcher signed. The Joint Declaration actually stipulates that the chief executive “shall be appointed by the central people’s government in Beijing on the basis of elections, or consultations, held locally (in Hong Kong)”. The British agreed to use consultations as a method of selecting the chief executive, although so far all chief executives have been elected.

Is there any final message on behalf of Hong Kong you would like to share with the global life sciences, biotech and healthcare communities?

I would like to say, come and see for yourself. No one can understand Hong Kong properly without understanding the context. What is the context of Hong Kong? Firstly, the Greater Bay Area and then the entire country. We are the Manhattan of China, so you have to be in Hong Kong and talk to the people living here to understand the city.

See more interviews