CY Leung – Vice-Chairman, Chinese People’s Political Consultative Conference



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Former Hong Kong SAR Chief Executive CY Leung discusses Hong Kong's unique positioning within the Greater Bay Area and the importance of its openness, international business mindset, and strong sense of social responsibility in maintaining its global relevance. Leung also reflects on Hong Kong's response to political and economic uncertainties and stresses the need for clear communication and reassurance to maintain the city's attractiveness to international talent and its status as a financial hub.

What has kept you busy since our last interview over a year ago?

Besides time spent in mainland China, I have continued my work with various charity projects, including founding a charity organization based in Hong Kong called GX Foundation. This charity is involved with the education, prevention, and treatment of several infectious diseases in tropical and semi-tropical low-income countries, including diseases that are preventable like dengue. We also carry out cataract blindness elimination projects via the Belt and Road Cataract Blindness Elimination Program.

A few weeks ago, I travelled with a Hong Kong delegation to Honduras to work together on issues like dengue control. It is incredible to say that after all we have gone through with COVID, we continue to face vaccine hesitancy. For instance, in Brazil, even after distributing 1.5 million doses

of the dengue vaccine, many people are reluctant to get vaccinated. This reluctance stems from a lack of public education about dengue fever. Many people do not understand the seriousness of the disease, thinking it is just a common mosquito bite. Brazil has reported six million dengue cases so far, but because half of the infected individuals are asymptomatic, the actual number is likely closer to 10 million. This underreporting is a major concern. So early detection by using rapid test kits is important.

GX is not a funding agency. Neither are we a donor agency. We actually implement the cataract and dengue projects ourselves on the ground. For example, we deploy mobile eye treatment centres, which are essentially 40-foot container trucks equipped with the best medical equipment and supplies sourced from various parts of the world. This is a massive effort. Currently, Chinese doctors and nurses carry out surgeries in five countries, using eight mobile eye treatment centres focusing on cataract surgeries. In less than two years, we have completed more than 14,000 surgeries.

To support these efforts, we invite doctors and nurses from mainland China since Hong Kong does not have enough medical professionals. We cover their travel and other expenses. We also rely heavily on retiree volunteers. These are individuals in their 60s who bring immense passion and their many years of experience to our missions.

Operationally, our approach is comprehensive. Unlike some charities that either just fundraise or donate supplies and leave the implementation to local entities, we do all three. We raise funds, source supplies and equipment, and then go to the countries to work on the ground. For instance, in Honduras last week, we had 28 volunteers from Hong Kong involved in a large-scale operation – something we were very proud to achieve.

There has been significant debate about the contributions of different economies to major global organizations like the WHO, UNICEF, and the World Bank. Many of today's largest economies are not contributing to these organizations at a level commensurate with their GDP. Shouldn't these large economies contribute more to global organizations despite being classified as low to middle-income?

I have experience with various organizations, and I have noticed that some can become quite bureaucratic and wasteful once they have the money. It is important to stay lean and efficient, which is what we strive for with the Belt and Road Cataract Blindness Elimination Program which has now been functioning successfully for six years.

In China, we often get comments from Hong Kong residents asking why we go to other countries when there are long queues for cataract surgery here. However, the cataract cases we address in Africa or Southeast Asia are very different. We are talking about regaining eyesight and eliminating blindness. For example, in Senegal, I visited an 83-year-old man who had been blind due to cataracts for 33 years. He regained his eyesight and could see his adult grandchildren for the first time. In Hong Kong, cataract patients with blurred vision might wait two or three years, but they are not blind because they have access to treatment.

Although Hong Kong is not the most developed economy in terms of per capita income, we do a lot more than most in terms of contribution. Hong Kongers have a strong sense of social responsibility and a good culture of donating, and we extend our help globally where it is needed the most.

Given that you sit on the People's Republic of China Consultative Committee, what can you share about your agenda there regarding Hong Kong?

I spend about 40 percent of my time travelling around mainland China to connect the needs and capabilities of both sides of the one country, two systems arrangement. It is crucial to understand what Hong Kong needs from the mainland and vice versa. Both sides have progressed quickly, and sometimes one side does not fully grasp what the other can offer.

There are various initiatives underway to address this, including an upcoming event that I shall attend between Hong Kong and Nansha [a city in southern mainland China's Guangdong province which also sits within the boundaries of the Greater Bay Area (GBA) integration project Ed.] will highlight our collaborative efforts in various areas. Life sciences and healthcare are very much on the agenda, with the Chinese University of Hong Kong being particularly active in these areas.

It is crucial to understand that the mainland is vast, and it is challenging for Hong Kong people, including government officials, university professors, and business professionals, to cover this vast land mass comprehensively without dedicating significant time to the task. That is where my role comes in as I have been covering the entire mainland, gathering interesting insights. Different parts of the country and their universities have unique specialties, and it is essential to know where to go to find what you need and understand how it can be leveraged for the good of both sides.

Over the past five years, the Greater Bay Area project has been a topic of increasing discussion with generally positive sentiments, although some concerns remain that

such integration will diminish Hong Kong's unique strengths…

This topic has been a particular focus recently as the mainland part of the Greater Bay Area was largely closed to Hong Kong due to the COVID-19 pandemic for three years. The boundary was only reopened after two years.

Some people may think that this Greater Bay Area project will result in mainland China having an undue influence on Hong Kong policies as time goes on. One very unique aspect of Hong Kong is its open society. This openness is not just about immigration policies or professional qualifications but also a mindset. Hong Kong people are business-minded and welcome open and fair competition. If someone is better, they come and compete, and in the process, no matter who wins in the end, we learn from them. This makes it easy for foreigners to make friends and strike business partnerships in Hong Kong.

Historically, Hong Kong has always been like this, and this openness is the lifeblood of the city. In trade and financial services, much of what we do is not about Hong Kong itself. We buy things we do not need ourselves and sell things we do not produce. As one of the world's important international trading centres, Hong Kong people leverage their language skills and understanding of international markets. Most importantly, Hong Kong's credibility stands out in these global interactions. Therefore, I do not foresee any risk of Hong Kong losing this deeply rooted approach to global business.

Article 23 of the Hong Kong Basic Law mandates that the territory enacts laws to prohibit acts such as treason, secession, sedition, and subversion against the Central People's Government. This has raised concerns, including from the international business community operating in Hong Kong. Could you elaborate on its interpretation and implications?

Having the proper background knowledge is crucial for understanding the context of Article 23. The Hong Kong Basic Law was drafted between 1985 and 1990. Although Hong Kong was always going to become part of China once more, it still needed its own social and political systems. Therefore, a supplementary constitution for Hong Kong that fit within the Chinese Constitution was created. This was the Hong Kong Basic Law. Five years were spent on identifying what made Hong Kong successful, what it needed, and what should be included as it transitioned from a British colony to a special administrative region.

In the last two years of this process, from 1988 to 1990, I served as Secretary General of the Basic Law Consultative Committee. We had 180 members from various backgrounds, including British civil servants, business professionals of different nationalities, and student representatives. One key issue was the application of national laws to Hong Kong. Certain national laws needed to apply to Hong Kong, but most of our laws would be locally made, reflecting a high degree of autonomy. Therefore we have a significant legislative council with wide legislative powers, unlike city councils in Paris, London, or Tokyo.

We probably have about a dozen national laws applying to Hong Kong, while the mainland has thousands. One crucial area of debate was national security laws. Like all regions, Hong Kong needed laws to protect national security. The question was whether these should be the mainland laws. Hong Kong's legal concepts, particularly crime and punishment, differ from those in mainland China. For example, we do not have the death penalty, whereas the mainland does. So, the consensus was that national security laws should not be imposed on Hong Kong. Beijing agreed, allowing us to enact our own laws but mandating that we must do so.

Article 23 falls under Chapter 2 of the Basic Law, which governs the relationship between the Central Authorities and Hong Kong. The wording of Article 23 is significant; it uses "shall" instead of "will," indicating a constitutional obligation. Hong Kong "shall enact" laws prohibiting treason and other specified crimes. This was the trade-off.

For various reasons, these laws were not enacted for 25 years after Hong Kong was returned to China, leading to some issues. It is important to note that the adjudication and interpretation of these laws rest with the Hong Kong judiciary, not the executive branch. This ensures that the laws align with Hong Kong's legal standards and principles.

Do you think Article 23 could deter potential talent, particularly in fields like biomedicine, from developing their careers in Hong Kong?

It is important to consider this law in the context of other places. For example, Singapore has very strict national security laws. Last year, Singapore enacted the Foreign Interference Countermeasures Act. This law applies to anyone acting on behalf of a foreign entity, whether they are a Singaporean or a foreign national. The first person prosecuted under this law was a Hong Kong native who had emigrated to Singapore, and became a Singaporean national, and led a Singapore-Hong Kong business association. This law is administered not by the law courts but by a government ministry.

Despite these stringent laws, Singapore continues to attract top talents and develop its industries. The key here is messaging and reassurance. Hong Kong needs to do the same. During the transition up to 1997 [when British rule of Hong Kong ended – Ed.], there was a lot of scepticism about the “one country, two systems” principle. People doubted that we could have different passports, birth policies, and even separate currencies under one country. Over time, we proved that these systems work, and Hong Kong continued to thrive.

Similarly, with Article 23, we need to demonstrate that these laws will not impede the freedom and innovation essential for attracting talents, especially in new industries like biomedicine. It is about communicating clearly and showing through our actions that Hong Kong remains a dynamic, open, and welcoming place for professionals and industries. We need to talk the talk and walk the walk, showing that our laws will not hinder progress but support a secure and stable environment for growth.

The Hong Kong Stock Exchange’s trading volumes and operational stance have come under scrutiny lately, with other emerging stock markets such as those in India seemingly outperforming Hong Kong for the first time. How would you take those indicators from a policy perspective?

Hong Kong has a significant stock market, but it is essential to recognize the growth in other regions like India. Comparing Hong Kong to India or even to Singapore shows different challenges and opportunities. For example, the Singapore IPO market is struggling, but that does not get as much attention because of Hong Kong’s size and status. However, I can see that our IPOs are making a comeback nevertheless.

When I was elected in 2012, I established the Financial Services Development Council (FSDC) before I was even sworn in. I believe that while we have robust regulatory bodies like the Securities and Futures Commission (SFC) for the stock market, the Banking Commission for banks, and the Insurance Commission for the insurance industry, we need something to drive growth. Regulatory bodies are necessary for brakes and steering, but we needed a gas pedal to propel us forward.

Hong Kong has a great example in the Trade Development Council (TDC), established about 50 years ago with around 50 offices overseas, proving very effective. Inspired by this, I set up the FSDC and appointed Laura Cha to be its first chairperson. Initially, political challenges prevented us from making it a statutory body like the TDC, but now the time is right. Since its inception in 2012, the FSDC has conducted many studies and investigations, gathering expertise from the private

sector. They have advised on how to fully leverage Hong Kong's potential as an international financial centre.

Currently, our focus is on IPOs and daily stock trading. However, there is untapped potential in other areas like the bond market, wealth management, and maritime insurance. We have barely scratched the surface. I have been collaborating with professional colleagues in Hong Kong, engaging with both the Hong Kong and central governments on matters like debt securitization.

Hong Kong is part of a sizable and growing economy, serving as China's only true international financial centre. When compared to international financial hubs like London, New York, Frankfurt, Tokyo, or Osaka, our list of services is short, and our potential remains largely untapped. However, aside from financial services, we face operational challenges such as insufficient housing for expatriates. While there is immense potential in diversifying and expanding our industries, we need to address these foundational issues to attract and retain talent and businesses.

We are in a period of significant international political and economic tension. The public is increasingly demanding fast and clear economic impacts from their governments. How do you view this evolving landscape and its potential impact on Hong Kong?

These questions are always on my mind and often keep me awake at night, as I follow international media. We are indeed in fascinating yet uncertain times, with significant geopolitical and national political developments. The future is unpredictable, especially with upcoming elections in major powers like the US. The outcomes are uncertain and will likely have far-reaching effects.

Hong Kong, being highly international and open, is particularly vulnerable to global changes compared to other economies. Unlike Singapore, where the government holds significant shares in major corporations, Hong Kong's economy is more exposed to external shifts. However, this also gives us an advantage. We have become adept at being flexible and responsive to rapid changes, which helps us navigate through these challenging times.

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