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## China Primer: Hong Kong

Hong Kong is a Special Administrative Region of the People's Republic of China (PRC, or China). The United Kingdom (UK) established Hong Kong as colony in 1841, and administered it until 1997 when the UK transferred it to the PRC. The PRC agreed that after the handover, the Hong Kong Special Administrative Region (Hong Kong, or HKSAR) would retain “a high degree of autonomy, except in foreign and defense affairs.”

After the handover, Hong Kong's legal and local government systems remained distinct from those of the PRC, and the city continued to be one of the world's largest international trade and financial centers as well as a nexus for exchanges of all kinds between China and the world. Following large-scale protests in 2019 opposing a bill that would have allowed the extradition of fugitives to mainland China, China's legislature, with the stated purpose of restoring order, imposed a national security law (NSL) on the HKSAR on June 30, 2020. The NSL criminalizes the organization and perpetration of “terrorist activities,” “secession,” “subversion,” and “collusion” with foreign entities “to endanger national security.” Members of Congress and the executive branch have expressed concern over the law, its implementation, and PRC and HKSAR authorities' broader crackdown on civil society, and have called upon China to abide by the commitments it made ahead of the handover in 1997 (see below).

### History of the HKSAR

In 1984, the UK and the PRC government signed an international treaty, the Sino-British Joint Declaration on the Question of Hong Kong or “Joint Declaration.” Under this agreement, the UK agreed to transfer sovereignty over Hong Kong to the PRC on July 1, 1997. The PRC government, in turn, committed to ensure that Hong Kong would “enjoy a high degree of autonomy” and “will be vested with executive, legislative and independent judicial power, including that of final adjudication.” The PRC also promised the “[r]ights and freedoms, including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of strike, of choice of occupation, of academic research and of religious belief will be ensured by law.” The Joint Declaration required the PRC to pass a Basic Law for the HKSAR incorporating these commitments, and the commitments were to “remain unchanged for 50 years.” China's National People's Congress (NPC) passed the “Basic Law of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China,” or “Basic Law,” on April 4, 1990.

Hong Kong is governed by an indirectly elected Chief Executive and Legislative Council (LegCo), and operates with a legal system based on British Common Law. With

### Hong Kong at a Glance

**Population (2022):** 7.4 million

**Area:** 1,082 square kilometers (418 square miles)

**Currency:** Hong Kong Dollar (HKD)

**Per Capita GDP (2020):** US\$65,922 (Purchasing Power Parity (PPP))

**Leadership:** Chief Executive John Lee (Lee Ka-chiu)  
*The Chief Executive is appointed by and accountable to the PRC Central Government*

**Legislature:** Unicameral Legislative Council (LegCo) with 90 members elected by the Hong Kong Election Committee (40) and fixed geographical (20) and functional (30) constituencies

**Four Key Industries (by % of 2021 GDP value added):** Financial Services (21.3%), Trading and Logistics (23.7%), Tourism (0.1%), and Professional Services (11.4%)

**Source:** Hong Kong Census and Statistics Department, Economist Intelligence Unit (EIU)

these institutions, Hong Kong became a global trade and financial center, and a window for trade, investment, and finance with the PRC. Under the terms of the Joint Declaration, Hong Kong maintains separate membership in more than 40 international organizations, including the World Trade Organization (WTO), the World Bank, and the International Monetary Fund (IMF). Hundreds of U.S. companies maintain operations in Hong Kong, and the territory still hosts the Asia headquarters of many major multinational corporations.

### Hong Kong's Autonomy and Democratic Institutions

Since 2020, China's Central Government has adopted measures that appear to be eroding Hong Kong's autonomy. Some of the measures seem aimed at further embedding the influence of the Central Government and Communist Party of China (CPC) within the HKSAR. The HKSAR's Committee for Safeguarding National Security (CSNS), established under the NSL, assumed “primary responsibility for safeguarding national security.” The CSNS is chaired by Hong Kong's Chief Executive but operates “under the supervision of and [is] accountable to the [Central Government].” In March 2023, the CPC created a Hong Kong and Macao Work Office “as a working body of the CPC Central Committee.” Some analysts have interpreted the move as a way for the Party to “centralize” its leadership in Hong Kong, in order to keep Hong Kong from “becoming a weak link in national security.”

PRC and HKSAR authorities also have adopted measures that could further erode the HKSAR's democratic institutions. In March 2021, for example, the NPC adopted a decision to amend certain provisions of the Basic Law,

significantly reducing the role of direct elections in the selection of the LegCo. These alterations, together with the HKSAR government's disqualification, ouster, and prosecution of members of opposition parties, have shifted LegCo's composition toward candidates whose stated positions are more aligned with the Central Government in Beijing. Some opposition members have chosen to abstain from the political process following the changes. In May 2023, the HKSAR government unveiled a plan to reduce the number of directly-elected district councilors, which advise the HKSAR government on district-level matters, among other changes.

## Civil Rights and Liberties

Since 2020, the Central Government's and HKSAR's focus on national security has appeared to stifle the city's lively civic culture and erode Hong Kong residents' civil rights and liberties:

**Prosecutions.** Four years after large-scale protests in response to the extradition bill, HKSAR authorities continue detaining and prosecuting people in connection with those demonstrations. According to authorities, as of October 2022, the HKSAR had arrested 10,279 people in connection to the protests. The HKSAR government is also engaged in legal proceedings against a group of 47 pro-democracy figures (the "Hong Kong 47") who, in July 2020, organized an unofficial primary for the subsequently postponed 2020 LegCo election. Some of those charged face life in prison.

**Media Environment.** The HKSAR government's active enforcement of the NSL has prompted several media organizations to close or cease operations in Hong Kong. A number of outlets, including some critical of the Central Government such as *Apple Daily* and *Stand News*, have been subject to investigation (including police raids) by authorities.

**Restrictions on Assemblies.** The HKSAR adopted stringent measures to counteract the spread of COVID-19. Although the HKSAR announced it was removing most restrictions in December 2022, its restrictive approach to public assemblies has endured. HKSAR authorities have cited health concerns among their reasons for prohibiting multiple public assemblies, including the longstanding vigil to commemorate the 1989 Tiananmen Square Protests.

## U.S. Policy Toward Hong Kong

U.S. relations with Hong Kong are governed by the United States-Hong Kong Policy Act of 1992 (USHKPA; P.L. 102-383), which commits the United States to treating the HKSAR as separate from the rest of China in a variety of political, economic, trade, and other areas so long as the HKSAR remains "sufficiently autonomous." The act also states, "Support for democratization is a fundamental principle of United States foreign policy."

In 2020, in response to the NSL, then-President Trump issued an Executive Order on Hong Kong Normalization (E.O. 13936). The executive order stated that the HKSAR "is no longer sufficiently autonomous to justify differential treatment in relation to the [PRC]," and suspended U.S.

treatment of Hong Kong as separate from the PRC for trade and political purposes. It also authorized the Secretaries of State and the Treasury to impose visa and economic sanctions on HKSAR and PRC officials determined to be responsible for the erosion of the HKSAR's autonomy, the undermining of democracy, or the loss of the rights of Hong Kong residents. In March 2021, the Biden Administration indicated it would maintain the suspension of differential treatment of HKSAR. As of September 2023, the United States had sanctioned 42 persons (including HKSAR Chief Executive John Lee) pursuant to E.O. 13936.

## Hong Kong and the U.S. Congress

Since 2019, Congress has passed several laws addressing developments in the HKSAR:

- the Hong Kong Autonomy Act of 2020 (HKAA, P.L. 116-149) authorized sanctions on foreign individuals and entities contributing to the erosion of Hong Kong's autonomy and on "foreign financial institutions that conduct significant transactions" with persons designated for sanctions under the act;
- the Hong Kong Human Rights and Democracy Act (HKHRDA, P.L. 116-76), among other things, requires the Department of State to certify in an annual report to Congress whether Hong Kong is sufficiently autonomous from China to justify its unique treatment under U.S. law; and
- P.L. 116-77, subsequently amended by Sec. 1252 of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for FY2021 (P.L. 116-283) and Sec. 5589 of the James M. Inhofe National Defense Authorization Act (NDAA) for FY2023 (P.L. 117-263), prohibits the export of certain equipment and munitions to the Hong Kong Police Force.

The HKSAR and PRC governments have condemned these measures. The HKSAR government described the sanctions as "blatant interference in the internal affairs of the PRC, violating international law and basic norms governing international relations." The PRC has imposed visa and other sanctions on U.S. officials.

During the 118<sup>th</sup> Congress, Members have introduced 50 pieces of legislation (including 31 bills) with Hong Kong-related provisions. One provision under the NDAA for FY2024 (H.R. 2670 and S. 2226) would require presidential certification to remove export restrictions of munitions items to the Hong Kong Police Force. The Hong Kong Economic and Trade Office (HKETO) Certification Act (S. 490) would require the president to remove the extension of certain privileges, exemptions, and immunities to the HKETO, the HKSAR's representative office, in the United States "if Hong Kong no longer enjoys a high degree of autonomy" from the PRC.

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