

House of Representatives, Monday 2 June 1997

COMMITTEES: Foreign Affairs, Defence and Trade Committee: Report

Mr SINCLAIR (New England)(12.31 p.m.) —On behalf of the Parliamentary Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *Hong Kong: The transfer to sovereignty*, together with the minutes of proceedings and evidence received by the committee.

Ordered that the report be printed.

Mr SINCLAIR —In four weeks time, on 1 July 1997, at the end of one and a half decade's negotiation, Hong Kong will be transferred from British to Chinese sovereignty. For Hong Kong it brings to the end 150 years of British rule. Hong Kong is in a unique position. It is to be decolonised by having its sovereignty handed not to itself but to the power from which it was first severed. The transition involves a nation and a fellow former colony of the United Kingdom, both of great importance to us.

The Australia-China relationship is expanding and multifaceted, highlighted by last week's visit of the Chinese Vice Premier, Mr Zhu Rongji. It is a relationship in which there is enormous scope for growth but a need for understanding of respective national interests and attitudes. The Australia-Hong Kong relationship is equally long standing and productive, but with our common language base it has been somewhat closer. Australia's relationship with Hong Kong has enhanced its entry into China. It is to be hoped that the change of sovereignty will improve and not lessen that.

It was because of the importance of both Hong Kong and China to Australia that the committee decided to embark on this inquiry. It seemed important to set out for the members of the Australian Parliament the nature of the agreement that had been reached between Britain and China, not only because some doubts and uncertainties had been raised about the implementation of the joint declaration and the basic law but also because an understanding of the detail would be helpful in shaping the best policy towards the new Hong Kong.

The inquiry was advertised on 7 September 1996. It received 36 submissions and a large number of exhibits. It took evidence at public hearings in Australia and most valuably visited Hong Kong in late January where the committee was able to hold discussions with a very wide range of people right across the political spectrum, including Governor Chris Patten, and from both government and non-government organisations. Visits were made to the border and to inspect the new infrastructure projects, the airport at Chek Lap Kok and the bridges and linking road and rail systems that have been built to connect them to Hong Kong, and the Lantau link. These projects are impressive in their scale, in the engineering skill that makes them possible and in the confidence in the future they assert. The committee is most grateful to the Australian government officials who worked on the organisation of the visit to Hong Kong and most appreciative of the hospitality and time given by all those who briefed us.

I was able to return to Hong Kong in April this year and then meet the chief executive designate, Mr Tung Chee Hwa. He gave very clear assurances about his intentions to preserve Hong Kong's way of life and to govern Hong Kong with the interests of the people of Hong Kong very much in mind.

The period of transition, 1984 to 1997, has not always been smooth or optimistic. In 1989 the dramatic events in Tiananmen Square shook Hong Kong's confidence to its core and in the last five years arguments over changes to the legal and political systems still create grave doubts and even the events over the last weekend highlighted that.

The views put to the committee ranged from cautious optimism to apprehension and these are reflected in the report. Optimism about the future of Hong Kong rests, we were told, on the rational and pragmatic nature of the Chinese government and its recognition of the value of

Hong Kong to China. It also rests on the agreement of the Chinese to a novel treaty that guarantees one country, two systems and Hong Kong people governing Hong Kong. This week Mr Zhu Rongji emphatically reiterated these promises when he said:

China would unswervingly implement the principle of one country, two systems . . . we have the ability and the confidence to ensure long-term stability and prosperity of Hong Kong.

Optimism is encouraged by the robust state of the territory's economy, the autonomous representation of Hong Kong on a number of international economic bodies, such as the WTO and APEC, its maintenance of a separate currency and its own stock exchange, and its status as a separate customs territory. There is a depth of skill in the financial and legal institutions which should provide the basis for continuity. Hong Kong has a sophisticated common law system, an independent judiciary, a vigorous Chinese and English language media and an impartial and apparently honest public service and police force.

Many apprehensions raised by people in Hong Kong and in Australia are detailed in the report. These relate to the vulnerability of pivotal legal and political institutions. Whereas the legal institutions are well established, the political institutions, especially of the democratic kind, are new and fragile. Of concern are the creation of a second legislature, the Provisional Legislative Council, without constitutional basis; the intention to repeal laws which protected basic freedoms of speech and assembly; the broad and vague definitions of subversion in article 23 of the Basic Law; the uncertainty about the timing and nature of electoral laws to be set in place by the Provisional Legislature; and the capacity of the Standing Committee of the National People's Congress to intervene in Hong Kong's government under the auspices of article 158 of the Basic Law.

These are classic ways to undermine democratic accountability and as such encourage corruption not only of the political process but ultimately of the economy as well. Hong Kong's prosperity and stability are at issue and of interest to the region and the world. While cautiously optimistic, the committee has recommended an annual report for the next five years.

I would like to compliment Mr Peter Nugent, the chair of the subcommittee, and in particular Margaret Swieringa, Jon Merrill and other staff of the committee for the excellent work they did in the preparation of this report. (Time expired)

Mr BRERETON (Kingsford-Smith)(12.37 p.m.) —I am pleased to speak on the tabling of the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on the transfer of Hong Kong to Chinese sovereignty—an event which will be one of the defining moments at the end of the twentieth century. No-one should underestimate the practical and symbolic significance of the transfer of power on 1 July. Fundamentally it is about China's re-emergence onto the world stage as an absolute front-rank player. Hong Kong has been one of the most powerful symbols of the unequal treaties between China and the European colonial powers. But in less than a month the Union Jack—for Chinese nationalists the symbol of a hated colonial past—will quietly flutter down. At the same time, China will incorporate what is perhaps the greatest symbol of Chinese success and prosperity, doing so at a time when its own economic progress continues to move ahead in leaps and bounds.

That economic performance is undeniably impressive. China's economy has been growing at around 10 per cent a year for the past 15 years. From July, with Hong Kong, China will be the sixth largest trading nation in the world. Soon after the year 2000, China's trade with Japan will overtake the volume of trade between Japan and the United States. With the reforms under way, China is likely to sustain this growth well into the next century, with commentators agreeing that by 2020 China will have the biggest economy in the world: according to one World Bank study, some 25 per cent larger than second placed United States.

The implications for Australia in these broad trends are profound. Almost all of the things we take for granted in our current external environment will no longer hold. Our region and indeed the world will be changed, and the biggest geopolitical force in that transformation will be the rise of China. We do not know precisely how these changes will unfold but the fate of Hong Kong will certainly be a critical element in determining how China interacts both with our region and with the wider world, and how we and our friends and neighbours engage with China.

This reality, together with our substantial commercial and consular interests in Hong Kong, illustrates Australia's profoundly important stake in a smooth and successful transfer to Chinese sovereignty. Central to this outcome lies the maintenance of a high degree of autonomy and the freedom guaranteed to Hong Kong under the Joint Declaration and the Basic Law, continuation of the rule of law, the maintenance of democratic institutions and processes, an independent judiciary, a free media and the continuation of Hong Kong's open economic system.

The whole world will be studying very closely the process of transition in the months and years after 1 July. The stakes for China, Hong Kong and the Asia-Pacific region are high indeed. The challenge for the international community, and for Australia in particular, is to draw all we can to support a smooth and successful transition. Our response to developments will need to be balanced and constructive, based on mature consideration of the underlying political dynamics both in Hong Kong and in China itself.

In this regard, the committee's report provides some very useful benchmarks with which to evaluate the success of the one country, two systems formula. As the report states, the transfer of Hong Kong represents a profound challenge to Australian diplomacy. It is likely to test Australia's commitment to support and promote two of our absolute core values: democratic processes and human rights. In the debate on this subject on 14 October I said there should be no weakening of Australia's support for democratic processes and human rights in Hong Kong. I remain absolutely convinced of that. Australia should be prepared to use all appropriate means, both public and private, and leave China and the world in no doubt about our strong support for these fundamental principles.

Since last October, however, we have seen the Howard government take a very different path with its decision to relegate the issue of human rights to a private, behind-closed-doors dialogue with China. Regrettably, the government has already chosen this course on human rights. Foreign Minister Downer once spoke of consistency and principle in respect of these issues, but the government will now hear no evil, see no evil and speak no evil. For this compliance we are told that the Howard government is in China's good books—for the moment at least. But the Australian message to the people of Hong Kong and to campaigners for democratic institutions, such as Martin Lee, could hardly be worse. They now know that they cannot rely on Australia to speak up. The lesson for China is also very clear: wave a stick—in this case, wave a big stick—and offer the carrot, and the Howard government will do as it is told.

It may be thought that silence on human rights issues will bring Australia diplomatic and economic benefit. That is certainly the government's view. But no other country has ever advanced its long-term national interest through the expedient abandonment of principle and democratic values. The fundamental challenge for Australia in the next century is to maintain our core values and our commitment to protect and promote human rights in a profoundly different international environment. Hong Kong should provide a clear demonstration of our preparedness to do this. The Howard government will profoundly fail our national interest if it fails this test.

I join with the Chairman of the joint standing committee, Mr Sinclair, in thanking the members of the Human Rights Subcommittee, particularly the Chairman of the committee,

Mr Peter Nugent, for the work they have done in preparing this report. I commend it to the House.

Mr NUGENT (Aston)(12.43 p.m.) —As has already been mentioned, less than a month from today the sovereignty of Hong Kong will be transferred from the United Kingdom to China. For Britain it marks the end of the colonial era. It is a unique transfer of sovereignty from one power to another, but not to independence or to self-government as we have become so used to these days. For China, the return of Hong Kong is the reclamation of a significant part of its territory. For the people of Hong Kong the change and the nature of the central power probably could not be greater.

China and Hong Kong have a natural connection in geography, culture, heritage and language. The return of Hong Kong to China will create and encourage a very important synergy. But it also raises some interesting questions and some concerns. Those concerns range from the democratic process, the repeal of some of the human rights ordinances, media self-censorship—or, as it was put to us by a number of people in Hong Kong, commercial decisions—control of the judicial process, the status of refugees, the regional human rights dimension and whether the Hong Kong people can take their destiny and independence into their own hands.

Australia's interests in Hong Kong are substantial. We have pragmatic concerns for investments in trade, political concerns for regional stability, and humanitarian concerns for the continued wellbeing of a neighbouring people and for the preservation of democratic and liberal values—something which Australians consider to be of intrinsic worth. There are 30,000 Australians in Hong Kong. In 1995 Hong Kong was our 10th largest trading partner. With its merger with China it will become even more important.

This inquiry was not about whether the transfer of sovereignty should take place. The inquiry was very much directed at the process of transition and informing the members of this parliament about a highly significant event in our region, with possible implications for our vital interests.

I echo the comments of the right honourable member for New England (Mr Sinclair) about the number of submissions, our public hearings, our visit and the range of people we saw in Hong Kong. We are appreciative of the efforts all those involved made in that connection. We saw a broad range of people in Hong Kong, and that was very important. As chair of the sub committee, I would like to thank the members of the committee for their assistance. I would particularly like to thank the secretary, Margaret Swieringa, assisted so ably by Jon Merrill and Peter Ratas.

I draw the attention of the House to the conclusion sections of the report and the 26 recommendations. One of the key findings was that we concluded that the reforms Governor Patten had proposed—somewhat belatedly—were in the spirit and the strict letter of the agreement made between Britain and China, although the PRC has made it very clear that they have a different view.

One of the phrases that is used frequently in connection with Hong Kong and the changeover is 'the through train', describing what was in place before 1 July and what will be there afterwards. Quite clearly, the political through train was derailed by the installation of the new legislative council and the doing away with the old one, but the administrative, economic and judicial through trains appear to be on track.

It is important to say that, having considered the legal and institutional assurances provided by the Chinese government through the basic law, the robust state of the territory's economy and trade relations and, perhaps most importantly, its increasingly lucrative role as a trade intermediary to China, it is difficult not to approach the central question of Hong Kong's economic future from a confident perspective. However, in the light of the civil, legal and

political issues that have occupied much of this report, it is equally difficult not to be cautious about the economic implications of Chinese political control over Hong Kong.

Ultimately, it is that political control which is going to be the key thing. It is essential to recognise that China is the new sovereign power and that Hong Kong will be affected—and its fate governed—by the changing political and economic landscape of China. Our interests in Hong Kong will, therefore, be influenced by developments in China and our relationship with China.

It seems to me that we have got a lot to do with China in the future. We are very concerned about how the Chinese authorities and the new Hong Kong authorities will react after 1 January. We have been assured at the highest level in China that things will be governed according to the promises that were made, and it is very much hoped that those promises are stuck to. On behalf of the committee, I can say that it is very much hoped that Hong Kong will continue to prosper in the future, for the benefit of the people of Hong Kong, of China, of the region and, in particular, of this country. (Time expired)

Mr HOLLIS (Throsby)(12.48 p.m.) —Hong Kong will be seen by many as the challenge of the future. In an age when we are familiar with colonies obtaining their independence from a colonial master, Hong Kong—I think uniquely—has, in effect, exchanged one colonial master for another. Many would argue that, as the lease entered into by Britain some 99 years ago has expired, China is merely reasserting its sovereignty—a sovereignty that has, in one way or another, been under challenge since the first unequal treaty of 1842. Some are disappointed that Hong Kong was not permitted to become a separate independent state in the international community, but that is speculation about what might have been rather than the reality of the situation.

The report tabled shows that Hong Kong is important to Australia for trade and investment and because of the many people from Hong Kong who have made Australia their home. As a parliament and as a nation, we have had a long and historic link with Hong Kong. We must always have genuine concerns about the human rights of its citizens but, I must say, our credibility when pontificating on human rights has been somewhat diminished by some of the decisions taken by Australia over recent months. I do not think we sent any reassuring messages of support for human rights or gave much comfort to those concerned with human rights in Hong Kong by our recent vote at the Human Rights Committee, regardless of what the reasons were.

Hong Kong will be in the situation of being a country within a country. There will be strict border controls, passage of people will be controlled and it will, in many respects, be more difficult after the transfer of sovereignty for someone living in Shanghai or Beijing to visit Hong Kong than it is today. Will human rights be protected? I suspect that human rights may be different in interpretation. It seems to me inevitable that there will be some readjustment regarding the rights of people. For example, the press at the moment is engaging in a form of self-censorship, and this will continue. Chinese officials will argue that they have not imposed restrictions, but a newspaper proprietor or editor will know, without being told, about certain things they can publish and other things they cannot publish.

Mr Barry Jones —That's not confined to China.

Mr HOLLIS —No. The same will probably occur with dissent. During our visit to Hong Kong, many suggested the Singapore model as an appropriate model for Hong Kong. Everyone knows what a vibrant, enthusiastic and dynamic opposition there is in Singapore! Yet commercial activity flourishes in Singapore, and that is the key to Hong Kong. The economic activity in Hong Kong is staggering. The economy is one that is the envy of much of the world. It is in everyone's interests for this to continue. I suspect that Beijing will not impose too heavy a hand on Hong Kong, but there will be a hand imposed. It will indeed be one nation, two systems. The people of Hong Kong will have more freedom than is currently

enjoyed by citizens in other parts of China, but whether they have total freedom, as we understand it, will again be a matter of interpretation.

Life for most Hong Kong citizens will go on much as it does today. The British have been making much of the denial of human rights in Hong Kong—and especially of the abolition of the elected legislative assembly. As part of China, Hong Kong will have more freedom than its people have had for many years under British rule. China has rightly pointed out that the system under the basic law is more democratic than the British offered. The British were very late in giving the Hong Kong Chinese any say in the running of the colony, were quick to stamp out any form of dissent and did not show too much concern about imprisoning critical editors when it suited them. Had Britain been a more benevolent overlord and involved the Chinese more, then the criticism that Britain makes today—or at least that it made under the Tories—would be much more valid. As it is, they appear to many of us to be somewhat hypocritical.

I am sure everyone in parliament wishes Hong Kong every success as it embarks on the uncharted course of having a different system within an overall sovereign state. I would like to compliment the chairman of the committee, Peter Nugent, and the staff—Margaret Swieringa, Jon Merrill and Peter Ratas—for the work they did. I would like to particularly compliment Margaret Swieringa for the dedication she has shown to the compiling of this report. We will watch Hong Kong's future with great interest. Perhaps the chicken will not have to be killed to warn the monkey.

Mr SINCLAIR (New England) —I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted.

Mr SPEAKER —In accordance with standing order 102B, the debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting. The member will have leave to continue speaking when the debate is resumed.