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## **Background Notes: Hong Kong, August 1999**

Released by the Bureau of Public Affairs.



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**Official Name: Hong Kong Special Administrative Region**

### **PROFILE**

#### **Geography**

Area: 1,092 sq. km.; Hong Kong comprises Hong Kong Island, Kowloon, the New Territories and numerous small islands.

Terrain: Hilly to mountainous with steep slopes and natural harbor.

Climate: Tropical monsoon; cool and humid in winter, hot and rainy from spring through summer, warm and sunny in fall.

#### **People**

Population: 6.8 million (end-1998).

Population growth rate: 3%.

Ethnic groups: Chinese--95%, other--5%.

Religions: Eclectic mixture of local religions--90%, Christian--10%.

Languages: Cantonese (a dialect of Chinese) and English are official.

Literacy: 92% (96% male, 88% female).

Health: Infant mortality rate (1998)--3.2/1,000. Life expectancy--79.6 yrs. (overall); 76.4 yrs. males, 82.3 yrs. females.

Work force (1998): 3.439 million. Merchandising, restaurants, and hotels--44.1%. Services--15.2%.

Manufacturing--11.2%. Finance, insurance, real estate--18.0%. Transport and communications--7.9%. Construction--3.2%. Other--0.4%.

#### **Government**

Type: Special Administrative Region (SAR) of China, with its own constitution (the Basic Law).

Branches: Executive--Executive Council, serving in an advisory role for the Chief Executive.

Legislative--Legislative Council elected in May, 1998. Judicial--Court of Final Appeal.

Subdivisions: Hong Kong, Kowloon, New Territories.

Suffrage: Universal at 18 years of age for permanent residents living in Hong Kong for the past 7 years.

## **Economy (1998)**

GDP (1998): \$165 billion.

GDP real growth rate (1998): -5.1%.

Per capita income (1998): \$24,653.

Natural resources: Outstanding deepwater harbor, feldspar.

Agriculture: Products--vegetables, poultry.

Industry: Types--textiles, clothing, tourism, electronics, plastics, toys, watches, clocks.

Trade: Exports--\$173 billion: clothing, electronics, textiles, watches and clocks, office machinery. Main partners--China, U.S., Japan, Germany, United Kingdom, Taiwan. Imports--\$183 billion: consumer goods, raw materials and semi-manufactures, capital goods, foodstuffs, fuels. Main partners--China, Japan, Taiwan, U.S., Singapore, South Korea.

## **PEOPLE**

Hong Kong's population has increased steadily over the past decade, reaching approximately 6.8 million by 1998. Hong Kong is one of the most densely populated areas in the world, with an overall density of approximately 6,300 people per square kilometer.

Cantonese, the official Chinese dialect, is spoken by most of the population. English, also an official language, is widely understood; it is spoken by over one-third of the population. Every major religion is practiced in Hong Kong; ancestor worship is predominant due to the strong Confucian influence.

All children are required by law to be in full-time education between the ages of 6 and 15. Pre-school education for most children begins at age 3. Primary school begins normally at the age of 6 and lasts for 6 years. At about age 12, children progress to a 3-year course of junior secondary education. Most stay on for a 2-year senior secondary course, while others join full-time vocational training. Over 90% of children complete upper secondary education or equivalent vocational education.

## **HISTORY**

According to archaeological studies initiated in the 1920s, human activity on Hong Kong dates back over five millennia. Excavated Neolithic artifacts suggest an influence from northern Chinese Stone Age cultures, including the Longshan. The territory was settled by Han Chinese during the seventh century, A.D., evidenced by the discovery of an ancient tomb at Lei Cheung Uk in Kowloon. The first major migration from northern China to Hong Kong occurred during the Ching Dynasty (960-1279). The British East India Company made the first successful sea venture to China in 1699, and Hong Kong's trade with British merchants developed rapidly soon after. Despite Chinese laws prohibiting opium since 1799, the British pursued and monopolized its trade until 1834. Concerned about the rapid increase of opium in China, the Chinese Government sought to eradicate the drug trade. When Chinese officials seized and destroyed large quantities of opium, the British sent forces in 1840 to support demands for a commercial treaty or cession of an island for the safety of British nationals; this sparked the First Opium War. China lost the war; subsequently, Britain and other Western powers, including the United

States, forcibly occupied "concessions" and gained special commercial privileges. Hong Kong was ceded to Britain in 1842 under the Treaty of Nanking.

Disputes over former treaties and the Chinese boarding of the British ship Arrow started the Second Opium War (also known as the Lorcha Arrow War), which lasted from 1856 to 1858. The Convention of Beijing, signed in 1860, formally ended the hostilities and granted the British a perpetual lease on the Kowloon Peninsula. The United Kingdom was concerned that Hong Kong could not be defended unless surrounding areas were also under British control; in 1898, it executed a 99-year lease of the New Territories, significantly expanding the size of the Hong Kong colony.

In the late 19th century and early 20th centuries, Hong Kong developed as a warehousing and distribution center for U.K. trade with southern China. After the end of World War II and the communist takeover of mainland China in 1949, hundreds of thousands of people emigrated from China to Hong Kong. This helped Hong Kong become an economic success and a manufacturing, commercial, and tourism center. High life expectancy, literacy, per capita income, and other socioeconomic measures attest to Hong Kong's achievements over the last four decades.

## **GOVERNMENT**

The Hong Kong Special Administrative Region (SAR) is headed by Chief Executive Tung Chee Hwa. Mr. Tung assumed office on July 1, 1997 following his election by a 400-member Selection Committee appointed by Beijing. In May 1998, Hong Kong voters elected 60 members of the SAR's first Legislative Council. The Basic Law, Hong Kong's "Mini-constitution," states that the first Legislative Council shall consist of 20 directly elected members, 30 members elected by functional (occupational) constituencies, and 10 elected by a Selection Committee. The May 1998 elections were seen as free, open and widely contested, despite discontent among mainly pro-democracy politicians over the Government's "rollback" of the franchise in some functional constituencies and limitation on the number of directly elected seats. The Civil Service maintains its quality and neutrality, operating without discernible direction from Beijing.

### **Principal Government Officials**

Chief Executive--Tung Chee Hwa  
Chief Secretary for Administration--Anson Chan  
Financial Secretary--Donald Tsang  
Secretary for Justice--Elsie Leung

## **POLITICAL CONDITIONS**

On July 1, 1997, China resumed the exercise of sovereignty over Hong Kong, ending more than 150 years of British colonial control. Hong Kong is a Special Administrative Region of the People's Republic of China with a high degree of autonomy in all matters except foreign and defense affairs. According to the Sino-British Joint Declaration (1984) and the Basic Law, Hong Kong's mini-constitution, for 50 years after reversion Hong Kong will retain its political, economic, and judicial systems and unique way of life, and continue to participate in

international agreements and organizations under the name, "Hong Kong, China."

Although concerns about the continued independence of the judiciary arose when, after the Court of Final Appeal issued a controversial judgment (the Right of Abode case), the Hong Kong government sought interpretation of the Basic Law from the National People's Congress, Hong Kong's courts remain independent and the rule of law is respected. Hong Kong remains a free and open society where human rights are generally respected.

## **ECONOMY**

The ongoing region-wide Asian financial crisis, which began in 1997, has created uncertainty and instability in Hong Kong's economy. Hong Kong is in recession, with 1998 GDP down 5.1% and property prices off 50%. Private consumption, after increasing by 6.7% in 1997, declined by 6.7% in 1998. Unemployment was 6% for the first half of 1999, after remaining at 2.2% in 1997. In August 1998, the government intervened in the stock, futures, and currency markets to fend off "manipulators," terming the move a one-time divergence from its usual adherence to non-interventionist, market-oriented policies. The banking sector remains solid and the government is committed to the U.S./Hong Kong dollar link.

Hong Kong has little arable land and virtually no natural resources, including water for agriculture. Agriculturally, it is less than 20% self-sufficient, with shortages of rice and wheat. However, its magnificent harbor has facilitated rapid development of foreign trade. Hong Kong's principal trading partners include China, the United States, Japan, Taiwan, Germany, Singapore, and South Korea. With its modern communications, transportation, and banking facilities, as well as extensive expertise in trade and investment with China, Hong Kong has joined the front ranks of East Asia's newly industrialized economies. In 1998, Hong Kong's gross domestic product (GDP) was \$165 billion.

Hong Kong has enjoyed economic growth in the past because of its strong manufacturing sector, but in recent years the service sector has surpassed it in importance, accounting for 85% of GDP in 1998. The major components of Hong Kong's service trade are shipping, civil aviation, tourism, and various financial services.

## **FOREIGN RELATIONS**

Hong Kong's foreign relations and defense are the responsibility of China. China has granted Hong Kong considerable autonomy in economic and commercial relations. Hong Kong continues to be an active, independent member of the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC) forum.

## **U.S.-HONG KONG RELATIONS**

U.S. policy toward Hong Kong is grounded in a determination to help preserve Hong Kong's prosperity, autonomy and way of life. The United States encourages high-level visits to Hong Kong as evidence of close ties and the importance of Hong Kong to U.S. interests,

The United States has substantial economic and social ties with Hong Kong. There are 1,100 U.S. firms (including over 400 regional operations) and 50,000 American residents in Hong Kong. According to U.S. Government statistics U.S. exports to Hong Kong totaled U.S. \$12.9 billion in 1998, and two-way trade totaled U.S. \$23.5 billion, making Hong Kong the United States' 15th-largest trading partner. U.S. direct investment in Hong Kong at the end of 1998 totaled approximately U.S. \$20.8 billion, making the United States one of Hong Kong's largest investors, along with the U.K., China and Japan.

The Hong Kong Government maintains three Economic and Trade Offices in the United States. Addresses and telephone numbers for these offices are listed below:

1520 18th Street NW  
Washington, DC 20036  
Tel: (202) 331-8947

680 Fifth Avenue, 22 F  
New York, NY 10019  
Tel: (212) 268-8888

222 Kearny St., Suite 4j2  
San Francisco, CA 94108  
Tel: (415) 397-2215

### **Principal U.S. Officials**

Consul General--Michael Klosson  
Deputy Principal Officer--John Medeiros

The U.S. Consulate General is located at 26 Garden Road, Hong Kong. Tel: (852) 2523-9011. FAX: (852) 2845-1598 (general); (852) 2845-4845 (consular); (852)2845-9800 (commercial).

### **WEB SITES**

The following three sites are not U.S. Government web sites:

Hong Kong homepage: <http://www.info.gov.hk/>

Sintercom Hong Kong homepage: <http://www.bestofasiapacific.com/>

China Internet Information Center homepage: <http://www.chinanews.org/>

### **TRAVEL AND BUSINESS INFORMATION**

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country. **Consular Information** Sheets exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the

addresses of the U.S. posts in the country. **Public Announcements** are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Travel Warnings and Consular Information Sheets also are available on the Consular Affairs Internet home page: <http://travel.state.gov/> and the Consular Affairs Bulletin Board (CABB). To access CABB, dial the modem number: 301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is travel and the password is info. (Note: Lower case is required). The CABB also carries international security information from the [Overseas Security Advisory Council](#) and Department's [Bureau of Diplomatic Security](#). Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system (\$.35 per minute) or live operators 8 a.m. to 8 p.m. (EST) Monday-Friday (\$1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of \$4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648).

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/index.htm> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). This may help family members contact you in case of an emergency.

### **Further Electronic Information**

**Department of State Foreign Affairs Network.** Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN

includes Background Notes; Dispatch, the official magazine of U.S. foreign policy; daily press briefings; Country Commercial Guides; directories of key officers of foreign service posts; etc. DOSFAN's World Wide Web site is at <http://www.state.gov/>.

**U.S. Foreign Affairs on CD-ROM (USFAC).** Published on an annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

**National Trade Data Bank (NTDB).** Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information. It is available on the Internet (<http://www.stat-usa.gov/>) and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.