

Hong Kong And the Eu

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ABSTRACT

This paper explores the socio-political landscape of Hong Kong in the aftermath of the 2019-2020 protests, focusing on the implications of governance changes and the erosion of civil liberties. The aim is to identify key challenges faced by the region and propose innovative, solution-oriented strategies that promote participatory governance, social justice, and economic resilience. Through a mixed-methods approach, including qualitative interviews and quantitative data analysis, the research examines the motivations behind the protests, the role of technology in mobilization, and the potential for international collaboration. Findings indicate a significant disconnect between government actions and public demands, highlighting the need for inclusive dialogue and policy reform. The overall conclusion emphasizes the importance of fostering civic engagement and resilience in Hong Kong to navigate its complex political landscape and ensure a sustainable future dovetailing with the basic law of the special administrative city and exploiting fully the potential of the situation.

Keywords: Hong Kong, Civil Liberties, National Security Law, Social Movements, Participatory Governance, Economic Resilience, Civic Engagemen, Political Repression.

1. INTRODUCTION

Imagine a bustling city where the skyline is a blend of modern skyscrapers and historical landmarks, a place where East meets West, and cultures intertwine. This is Hong Kong, a vibrant metropolis that has long been a beacon of opportunity and innovation. However, beneath its dynamic surface lies a narrative of struggle and resilience, particularly highlighted during the tumultuous events of 2019-2020. As the sun set over Victoria Harbour, thousands of voices rose in unison, echoing the aspirations of a generation yearning for change. These voices were not just cries for democracy; they represented a deep-seated desire for a more participatory society, where every citizen's voice mattered. The protests became a stage for a diverse cast of characters—students, professionals, and everyday citizens—each with their own stories of hope, frustration, and determination. In the aftermath of these events, the landscape of governance in Hong Kong began to shift. Under the leadership of Chief Executive John Lee, the focus turned towards restoring order and economic stability. Yet, the core demands of the protest movement—greater civic participation, economic justice, and the preservation of the rule of law—remained largely unaddressed. As we examine the complexities of Hong Kong's evolving relationship with China and its potential

collaborations with the EU and the U.S., we uncover a rich tapestry of challenges and opportunities. This narrative not only reflects the struggles of a city at a crossroads but also highlights the resilience of its people and their unwavering quest for a brighter future. Join us as we explore this intricate story, where the past informs the present, and the aspirations of a community shape the path forward.

In this piece, we argue that the events surrounding the 2019-2020 protests in Hong Kong represent a significant case study in the dynamics of social movements, illustrating the interplay between political repression, collective identity, and the quest for democratic governance. By employing a scientific lens, we can better understand the underlying mechanisms that fueled this movement and the implications for Hong Kong's future. One of the foundational theories in social movement studies is the concept of political opportunity structures, which posits that the likelihood of collective action is influenced by the political environment. In Hong Kong, the erosion of autonomy under the "One Country, Two Systems" framework created a context ripe for mobilization. As political repression intensified, citizens perceived a narrowing of their political space, prompting them to organize and demand change. This aligns with the work of scholars like Tilly and Tarrow, who argue that

movements often emerge in response to perceived injustices and opportunities for action. The protests also exemplified the importance of collective identity in social movements. Participants framed their struggle not merely as a fight for democracy but as a broader assertion of Hong Kong's unique identity and values. This framing resonated deeply with diverse segments of the population, fostering a sense of solidarity and shared purpose. According to social movement theorist Alberto Melucci, collective identity is crucial for mobilization, as it helps individuals connect their personal experiences to a larger social narrative. The protesters' emphasis on civic dignity and participatory governance reflects this dynamic, as they sought to redefine their relationship with the state. Furthermore, the role of technology in facilitating communication and organization cannot be overlooked. The use of social media platforms allowed for rapid dissemination of information, coordination of protests, and the creation of a global narrative around the movement. This phenomenon aligns with the work of Manuel Castells, who highlights how digital networks can empower social movements by enabling decentralized communication and mobilization. In Hong Kong, this technological dimension played a critical role in amplifying voices and fostering international solidarity. Finally, the ongoing challenges faced by the Hong Kong government in addressing the demands of the protest movement underscore the need for a reevaluation of governance strategies. The failure to engage meaningfully with citizens' aspirations for greater political participation and social justice risks further alienating the population and exacerbating tensions. As political scientists like Francis Fukuyama suggest, effective governance requires not only the maintenance of order but also the establishment of legitimacy through responsive and inclusive policies. The events in Hong Kong serve as a compelling case study that illustrates the complex interplay of political opportunity, collective identity, and the role of technology in social movements. By understanding these dynamics, we can better appreciate the challenges and opportunities that lie ahead for Hong Kong as it navigates its relationship with China and seeks to redefine its governance model in the face of ongoing social demands.

SCOPE

The scope of this research encompasses a comprehensive analysis of the socio-political environment in Hong Kong, with particular attention to the 2019–2020 protests and the subsequent governance transformations. The study is designed to examine multiple, interrelated dimensions that shape the city's political, social, and institutional landscape.

First, the research explores **political dynamics**, with a focus on the impact of the National Security Law and its implications for civil liberties, governance, and public trust in institutions.

This includes an assessment of how legal and institutional changes have affected political participation, administrative decision-making, and the broader relationship between citizens and the state. By analyzing shifts in governance structures and public perception, the study aims to illuminate the challenges and opportunities for maintaining civic engagement under evolving legal frameworks.

Second, the research investigates **social movements**, analyzing the motivations, strategies, and outcomes of the 2019–2020 protests. Particular emphasis is placed on the construction of collective identity, the mobilization of social networks, and the strategic use of technology in organizing and disseminating information. The study considers how digital platforms, real-time communication, and decentralized coordination contributed to the resilience and adaptability of civic action, offering insights into the dynamics of contemporary social mobilization in semi-autonomous and contested political environments.

Third, the research evaluates **governance models**, examining existing institutional frameworks and identifying opportunities for innovative approaches that promote participatory governance, transparency, and accountability. This dimension considers mechanisms for stakeholder engagement, policy co-design, and performance monitoring, drawing on both local practices and international best practices to assess how governance structures can be adapted to address Hong Kong's unique challenges.

Finally, the study explores **collaboration opportunities** between Hong Kong and international entities, including the European Union and the United States, to foster sustainable development, protect human rights, and enhance economic resilience. This includes examining avenues for mutual knowledge exchange, co-funded initiatives, and policy partnerships that leverage external expertise while respecting the city's operational constraints and institutional context. By situating Hong Kong within broader global and comparative frameworks, the research highlights pathways for constructive engagement and sustainable cooperation.

Collectively, this research aims to provide a multidimensional understanding of Hong Kong's socio-political environment, integrating analysis of political dynamics, civic mobilization, governance innovation, and international collaboration. In doing so, it contributes to scholarly debates on collective action, governance under constraint, and the strategic role of global partnerships in promoting resilient and inclusive societies.

OBJECTIVES

The primary objectives of this research are as follows: (1) To identify and articulate the key challenges facing Hong Kong in terms of governance, social cohesion, and economic sustainability, particularly in the wake of political unrest. (2) Propose Innovative Solutions**: To develop and propose innovative, solution-oriented strategies that address the identified challenges, focusing on enhancing civic engagement, promoting social justice, and ensuring the rule of law. (3) Enhance Policy Relevance To provide actionable recommendations for policymakers that are grounded in empirical research and best practices from other jurisdictions, thereby enhancing the relevance and impact of the findings. (4) To facilitate dialogue among stakeholders, including government officials, civil society organizations, and international partners, to promote collaborative approaches to governance and social development.

The significance of this innovation solution-oriented paper lies in its potential to contribute to the ongoing discourse on governance and social change in Hong Kong. By focusing on practical solutions rather than merely describing problems, the paper aims to:

Empower Stakeholders: Equip stakeholders with the knowledge and tools necessary to advocate for meaningful change and engage in constructive dialogue with the government.

Promote Resilience: Foster resilience within the community by addressing socio-economic disparities and enhancing access to opportunities for all citizens.

Influence Policy: Provide evidence-based recommendations that can influence policy decisions and promote a more inclusive and participatory governance model.

Contribute to Global Understanding:** Enhance global understanding of the unique challenges faced by Hong Kong, thereby fostering international solidarity and support for its democratic aspirations.

In summary, this research aims to provide a comprehensive analysis of the challenges and opportunities facing Hong Kong, while proposing innovative solutions that can pave the way for a more equitable and sustainable future. Through this work, we hope to contribute to the broader conversation on governance, social justice, and civic engagement in a rapidly changing world.

Research Questions

1. How do governance structures in Hong Kong affect civic engagement and public trust in institutions?
2. How can international collaboration, particularly with the EU and the U.S., enhance governance and social justice in Hong Kong?

3. What innovative, solution-oriented strategies can be proposed to strengthen participatory governance in Hong Kong?

The research will provide a comprehensive analysis of the socio-political landscape in Hong Kong, particularly in the context of recent protests and governance changes. This understanding is crucial for stakeholders, including policymakers, civil society, and international partners. By identifying key challenges and proposing innovative solutions, the research aims to influence policy decisions that promote inclusive governance and social justice. This can lead to more effective responses to public demands and enhance the legitimacy of government actions. The findings will contribute to strategies that empower citizens to participate actively in governance processes, thereby fostering a more resilient and engaged society. The research situates Hong Kong's experiences within broader discussions on democracy and civil liberties, contributing to global understanding of governance challenges in authoritarian contexts. This can foster international solidarity and support for democratic aspirations in similar region. By exploring opportunities for international collaboration, the research can help establish frameworks that leverage external expertise and resources, ultimately benefiting Hong Kong's governance and social development efforts.

Litt review

In *City on the Edge*, Ho-fung Hung provides a **comprehensive socio-historical account** of Hong Kong's evolution under Chinese sovereignty after the 1997 handover, situating its post-handover trajectory within longer patterns of economic integration, political contestation, and identity formation. Hung's analysis emphasizes both structural forces and agency in shaping Hong Kong's experience under Chinese rule. [Sociology+1](#)

Hong Kong's status after 1997 was initially governed by the **"One Country, Two Systems" framework**, which was meant to preserve the city's separate legal system, currency, and degree of institutional autonomy even as China assumed sovereignty. Hung shows, however, that this arrangement was always contingent and politically contested rather than a stable equilibrium.

Economically, Hong Kong retained its role as a **global financial center and intermediary between China and global capital**. Even as Hong Kong's share of overall Chinese GDP declined with China's rapid economic growth, Hung argues the city remained strategically significant to Chinese economic aims, notably as a conduit

for foreign investment and international financial engagement that mainland special economic zones could not fully replicate. Politically, Hung traces how Beijing's approach to Hong Kong evolved from selective engagement to **progressive insistence on the primacy of "One Country" over "Two Systems."** This trajectory intensified in the post-handover era, especially after the mid-2010s, as mainland authorities and pro-Beijing local elites sought to integrate Hong Kong more tightly with Chinese political and economic imperatives.

This shift contributed to the **rise of political consciousness and resistance** among Hong Kong residents. Hung documents the growth of social movements opposing perceived encroachments on local autonomy and rights, including the 2014 Occupy Central movement and the 2019 mass protests against the extradition bill, which he contextualizes as part of a longer history of struggle over the city's political future and identity. [IJURR](#)

Critically, Hung contends that Beijing's response culminated in the **imposition of the National Security Law in 2020**, a measure he interprets as effectively ending the promise of "One Country, Two Systems" earlier than its originally envisaged 2047 endpoint by centralizing legal authority and curtailing political freedoms. This law, crafted directly by mainland authorities, marked a decisive turn toward tighter political control and repression of dissent.

Despite the deepening constraints on political space and civil liberties, Hung does not depict Hong Kong as entirely without prospects for resilience. He suggests that the city's people have historically adapted to profound transformations, and he frames recent resistance and repression not as an endpoint but as part of an ongoing struggle with wider global and geopolitical implications.

In summary, *City on the Edge* portrays Hong Kong under Chinese rule as a city shaped by economic importance to China, erosion of promised autonomy, assertive state control, and persistent resistance. Hung's analysis situates the post-1997 period within broader historical and geopolitical processes, highlighting the complex interplay between integration with the mainland and the preservation of local identity and rights. It seems safe to assume that China has benefitted from the cleavages in HKSAR to impose a modicum of control, and that calm has now returned.

Fong, B. C. H., & Lui, T.-L. (2014) identify several structural features of the executive-institutional disconnect in post-1997 Hong Kong:

1. **Executive-dominant dysfunction.** The formal concentration of power in the Chief Executive does not

translate into effective governance due to unstable institutional support.

2. **Executive-legislative disconnection.** Persistent weak and uneasy relations between the executive and the Legislative Council that impede policy enactment and coordination.
3. **Fragmented authority.** Authority exists on paper but is dispersed and unsupported across institutions, hindering coherent policy implementation.
4. **Weak party-based governance.** Underdeveloped political parties fail to bridge executive initiatives with legislative endorsement and broader political alignment.
5. **Societal-institutional gap.** A broader disjunction between formal governance structures and public expectations/engagement, rooted in constitutional and socio-political tensions.

Addressing the executive-institutional disconnect in Hong Kong, as diagnosed by Fong and Lui, requires a multi-dimensional approach that targets both structural and societal factors. Strengthening legislative-executive coordination is essential, which can be achieved through structured consultation between the executive and the Legislative Council to build trust and anticipate conflicts. Institutionalizing pre-legislative dialogue allows key policy initiatives to be shaped with input from legislators, reducing the likelihood of stalemates, while cross-faction negotiation forums can help bridge pro-government and opposition members around shared policy priorities. Developing robust political parties is also crucial, as strong parties can channel social demands into formal policy processes. Legal and institutional incentives can encourage parties to form stable coalitions, aligning executive initiatives with legislative support, and policy-oriented party platforms—rather than personality-driven politics—can enhance predictability and institutional cohesion. Clarifying and streamlining institutional authority is another important measure, reducing overlap and ambiguity between executive agencies and legislative oversight bodies to prevent fragmented authority. Clear lines of accountability ensure that policy responsibility is visible and enforceable, enhancing executive effectiveness, and internal reforms in the bureaucracy can improve policy coherence, inter-agency coordination, and responsiveness. Enhancing public engagement and societal integration helps close the societal-institutional gap, with strengthened consultative mechanisms involving civil society, professional associations, and grassroots groups. Transparent impact assessments for major policies can demonstrate responsiveness to public interests, while channels for civic participation create incentives for collaboration between the public and the

executive. Finally, institutional learning and capacity-building are necessary, with training programs for legislators, officials, and civil servants focused on negotiation, coalition-building, and policy analysis. Comparative studies of other executive-legislative systems can identify adaptable best practices, and feedback loops allow policy successes and failures to be systematically reviewed to improve governance practices over time. Collectively, these measures aim not merely to increase executive power but to align authority, legislative support, and public expectations within a coherent governance framework.

In *Forever Hong Kong*, Chan Kwan Lee conceptualizes the 2019–2020 protest movement as a normative political project rather than a episodic reaction to discrete policy grievances. The protesters' vindications are articulated as a coherent moral and institutional critique of Hong Kong's existing political economy and governance model, grounded in four interrelated dimensions: conceptions of the good society, economic justice, the rule of law, and collective self-determination.

First, with respect to the **good society**, Chan argues that the movement articulated a civic and participatory vision that challenged Hong Kong's long-standing depoliticized governance paradigm. Protesters rejected a model of social order premised primarily on economic growth, administrative efficiency, and political quiescence. Instead, they advanced a conception of society in which citizens are recognized as political agents endowed with voice, dignity, and the capacity for collective self-organization. The movement's decentralized structures, mutual aid practices, and community-based mobilization functioned not merely as strategic devices, but as prefigurative practices embodying an alternative civic order. In this sense, the protesters vindicated the claim that social legitimacy derives from participatory citizenship rather than from technocratic performance alone.

Second, regarding the **just economy**, Chan situates economic grievances at the moral core of the protest movement. While the protests were not framed around traditional redistributive demands, they articulated a sustained critique of structural inequality produced by the entanglement of political authority and oligarchic economic power. Issues such as housing unaffordability, labor precarity, intergenerational immobility, and market concentration were interpreted as outcomes of institutional arrangements that insulated dominant economic actors from democratic accountability. The protesters' vindication thus lay in asserting that economic justice requires not only market efficiency but political reform capable of constraining rent-seeking and ensuring fair access to social and economic opportunity. This both an entry point and something that makes HKSAR vulnerable.

Third, in relation to the **rule of law**, Chan emphasizes that the movement should be understood as a defense rather than a rejection of legal order. The proposed extradition bill crystallized broader anxieties that legal institutions were being transformed from constraints on power into instruments of political control. Protesters consistently invoked judicial independence, procedural fairness, and proportional policing as foundational principles under threat. Importantly, Chan distinguishes between formal legality and substantive legality: the latter requiring that laws serve justice, limit arbitrary power, and command public trust. The protesters' actions are thus interpreted as vindicating a substantive conception of the rule of law grounded in accountability and equality before the law.

Finally, concerning **self-determination and political futurity**, Chan argues that the movement's demands were less about asserting a predetermined sovereign endpoint than about preserving the capacity for collective choice over time. Self-determination was articulated as a claim to temporal openness—the right of Hong Kong's political community to participate meaningfully in shaping its future rather than having it unilaterally foreclosed by accelerated integration. In this sense, the protests expressed a resistance to political predetermination rather than a unified secessionist project. The vindication advanced was the normative entitlement of a political community to sustain deliberative agency over its own trajectory.

Taken together, Chan Kwan Lee interprets the Hong Kong protests as articulating a moral economy of resistance that challenges the legitimacy of governance systems separating economic prosperity from political participation, legality from justice, and stability from consent. The movement vindicated a higher-order conception of political legitimacy, one grounded in civic dignity, institutional accountability, social fairness, and the preservation of collective self-determination. Rather than representing a breakdown of order, the protests are framed as a contest over the foundational principles upon which a just and legitimate society ought to rest.

Following his appointment as Chief Executive of Hong Kong in 2022, John Lee has pursued a strategy framed around the restoration of public order, the stabilization of economic activity, and the consolidation of political control. Lee's administration has presented these measures as essential to "calming Hong Kong" in the wake of the 2019–2020 protest movement. From an analytical perspective, this approach can be understood in terms of partial accommodation, selective compromise, and the systematic neglect of core protester demands.

The administration's emphasis on the resumption of civic and economic normalcy can be interpreted as a limited form of accommodation to broader societal desires for stability. Policies easing pandemic-era restrictions, promoting business confidence, and ensuring public safety have indirectly addressed the public's concern for daily security and economic continuity. Furthermore, government rhetoric occasionally acknowledges, at a symbolic level, the underlying frustrations that catalyzed the protests, such as social inequality and limited political participation. However, these acknowledgments have not been linked to concrete institutional reforms, and thus remain largely rhetorical.

Despite these limited accommodations, the major political and institutional reforms advocated by the protest movement, commonly referred to as the "five demands," have largely remained unfulfilled. Protesters called for a credible and accelerated pathway to full democratic elections for the Chief Executive and Legislative Council; Lee's administration has instead implemented electoral restrictions that ensure only Beijing-approved candidates can compete. Requests for a general amnesty for individuals arrested during the 2019–2020 protests have not been addressed, and many continue to face prosecution, including under the National Security Law. Appeals for a transparent investigation into allegations of police misconduct have been disregarded, as existing complaint mechanisms remain internal and largely opaque. Additionally, the official designation of protest actions as "riots" persists, and protest-related arrests continue to be prosecuted under this legal framework.

Beyond the non-fulfillment of specific compromises, several structural policy measures effectively contravene the movement's normative agenda. The administration has expanded the implementation of the 2020 National Security Law, criminalizing a broad spectrum of political expression. Efforts to introduce local national security provisions under Article 23 have further constrained political dissent. Simultaneously, pro-democracy legislators, civil society actors, and independent media outlets have been marginalized or dissolved, curtailing the space for civic engagement and political plurality.

Overall, the Lee administration's governance strategy can be characterized as achieving "calm" through coercive stabilization rather than responsive reform. While public order and economic reopening have addressed limited societal concerns for daily security, the administration has ignored or actively reversed demands related to democratic inclusion, accountability, and rule-bound legal protections. In effect, substantive grievances regarding political legitimacy, civic rights, and institutional accountability—central to the 2019–2020 protest movement—remain unaddressed. This

pattern reflects a broader model of authoritarian consolidation post-protest, in which symbolic gestures toward accommodation coexist with systematic neglect of foundational political demands.

Scholarly contribution

My scholarly contribution lies in offering a comprehensive analysis of the socio-political landscape in Hong Kong, with particular attention to the recent protests and governance transformations. By integrating theoretical frameworks from social movement studies with rigorous empirical research, this work provides nuanced insights into the motivations, strategies, and dynamics of collective action within the city.

A key aspect of this research is its focus on innovative solutions, proposing actionable, solution-oriented strategies that address Hong Kong's pressing challenges and contribute to broader discourses on governance, social justice, and civic resilience. The study employs an interdisciplinary approach, combining qualitative and quantitative methods to capture the complexity of socio-political dynamics, from grassroots mobilization to institutional responses.

Beyond the local context, this research has global relevance, situating Hong Kong's experiences within broader discussions on democracy, civil liberties, and governance in authoritarian or semi-authoritarian contexts. By doing so, it contributes to the comparative study of collective action and policy responses in diverse political environments. Furthermore, the work emphasizes policy impact, offering evidence-based recommendations designed to inform stakeholders and policymakers, foster constructive dialogue, and encourage collaboration between government actors and civil society.

Through this integrated approach, the research seeks not only to deepen understanding of Hong Kong's unique challenges but also to support ongoing efforts to promote democratic governance, social equity, and resilient civic engagement in the region.

Methodology

This research adopts a prescriptive methodology aimed at providing actionable recommendations for addressing the socio-political challenges in Hong Kong following the 2019-2020 protests. The hybrid analysis combining the retrieval of online information with analysis and innovative solution oriented approaches to the deadlock

and bureaucratic inertia between the EU and Hong Kong, aiming to provide a comprehensive understanding of the challenges facing Hong Kong while proposing actionable strategies for positive change. The piece gathers insights on the perceived challenges and potential solutions, ensuring that recommendations are grounded in the realities faced by those directly affected based on observations carried out when visiting. We also formulate specific, evidence-based recommendations tailored to the unique context of Hong Kong, focusing on enhancing civic participation, strengthening the rule of law, and promoting social cohesion. We prioritize recommendations based on feasibility, potential impact, and alignment with stakeholder interests balanced by our knowledge about how what makes the EU foreign policy apparatus tick and how Hong Kong works and a discerning judgement about an agreeable formula for the mainland and the room of manoeuvre overthere.

The piece's practical purpose determined its structure: First, we address Hong Kong's strategic challenges and how they could be executed on from a western perspective. Second, we consider the political dynamics and social movements on the unprecedented protests. Third, we do some push-ups on intellectual structure and how this could strengthen urban governance and planning. This leads us to the policy dialogues both sides are eager to take-up with their respective representatives or a presentation thereof. We push on to the HKSAR annual report and its structure before addressing how to make progress in the Greater Bay area. In the conclusions, we sum up our findings and take perspective on the competition between Hong Kong and Shenzhen.

2. THE STRATEGIC CHALLENGES OF HONG KONG

Now, Hong Kong faces several strategic challenges that require coordinated responses. First, the erosion of autonomy and rule of law under the "One Country, Two Systems" framework threatens legal independence, judicial credibility, and international trust, undermining its role as a global financial hub and neutral superconnector between China and international markets. Political and social tensions related to governance, civil liberties, and public participation further affect social cohesion, investor confidence, and the long-term sustainability of urban and economic projects. Economically, Hong Kong remains heavily reliant on finance, logistics, and real estate, making it vulnerable to rising competition from Mainland Chinese cities such as Shenzhen and Guangzhou, as well as other global hubs, which challenges its ability to attract talent, startups, and investment. Regional integration and infrastructure coordination within the Greater Bay Area are

also complex, requiring coherent urban planning, cross-boundary transport, and environmental policies, yet fragmented governance limits efficiency and strategic outcomes. Additionally, Hong Kong must address talent retention and innovation capacity, as brain drain, limited housing options, and regulatory uncertainty can reduce its ability to attract and retain highly skilled professionals and entrepreneurs. Finally, sustainable development and climate resilience are pressing issues, critical for long-term livability and maintaining Hong Kong's international reputation.¹

Execution on solutions in cooperation with the EU and U.S. can take multiple forms. In terms of governance, the EU and U.S. can provide platforms for knowledge sharing on transparency, regulatory frameworks, and judicial capacity building, including technical assistance for dispute resolution mechanisms and arbitration, thereby reinforcing international investor confidence. Economically, Hong Kong can develop co-financed innovation hubs connecting EU and U.S. universities, research institutions, and startups in sectors such as fintech, green technology, artificial intelligence, and biotechnology, while leveraging international networks for market access, investment, and standards to help diversify its economy. For Greater Bay Area integration, joint initiatives can be co-designed with Hong Kong, Guangdong, and EU/U.S. expertise in urban mobility, housing, and sustainable infrastructure, drawing lessons from European and American metropolitan governance models for cross-jurisdictional coordination and smart city development. Talent and human capital programs can include exchange programs, scholarships, and joint training initiatives to retain and attract skilled professionals, while promoting international collaboration in entrepreneurship, research, and vocational education. In sustainability, partnerships can focus on green finance, urban resilience projects, and renewable energy investments, deploying EU and U.S. expertise in sustainable urban planning, energy efficiency standards, and climate adaptation metrics. Strategic communication and reputation management can be enhanced through joint reporting, forums, and public-private dialogues, using data-driven dashboards and evidence-based reporting to showcase progress on governance, economic diversification, and sustainability.

Clearly, the priority of the CEO John Lee has been on restoring order, and then start developing Hong Kong rather than restoring trust with his interlocutors, despite

¹ <https://www.oneibc.com/en-hk/insights/economic-development-in-hong-kong>

good faith on his behalf and willingness to engage in sustained dialogue with foreign powers. Competing logics seem to be at play in relation to the institutional framework, the legalese-rational logic, the member state gatekeeping and the normative logic. A structured approach is necessary to enhance delivery credibility on old and new KPI, to fairness and consistency in morals at the courts, to the quality of engagement (relational expectations) and to recognition and belonging. . This exercise is complicated by that the EU is represented by the Chamber of Commerce –not by a diplomatic representation who touches base and who understands what is going on and is responsive to the needs and what matters and sensitive to how to move forward the relation-ship between the EU and Hong Kong or otherwise as well does not side with the oligarchs and by camping on outworn positions that makes it difficult to proceed despite good will on both sides.



China has also shown ungratefulness to a servant of theirs who passed on messages and three times helped ease tensions with the US, something that has both relational and perceptual

consequences of the structure. Now that the UK has left the European Union, there is reason to believe that a pragmatic way forward can be found, so long as proprieties are observed and mutual accommodation is enacted as a principle for interaction. After all, it has and is primarily the interests of the expat business community that is at stake for the EU, but how much and to which extent the EU –HNKSAR relationship could be mature politically is a quite open question that depends on getting to know each other and learn to cooperate. A well-governed, balanced and harmonious EU-HNKSAR relationship equals a stake in the evolving EU-Chinese strategic partnership.

China is open for business on Euro-denominated green bonds, cooperation between HNKSAR and Shanghai on financials, intellectual structure on urban development, and human rights exchange programs. HNKSAR needs empowerment on its role as superconnector , in its youth policies and dialogue with student leaders, and encouragement to move forward from the fears of old days when there were concerns about Japan would play *Spielverderber* in the relationship between the western business community and –China, while the EU doesn't have presence on the ground and need better understanding. There is a need for partnership-building initiatives and projects and quick wins.

In short, strategic execution hinges on three pillars: strengthening governance and legal frameworks, diversifying the economy via innovation and talent cooperation, and enhancing regional integration and sustainability. The EU and U.S. act as partners, providing expertise, networks, and co-financing mechanisms while respecting Hong Kong's autonomy in sensitive areas.

Table 1

Hong Kong Initiatives	EU Priorities	China Priorities	Mutualisation / Partnership Potential
Education	Urbanism, Good Governance, Human Rights, Rule of Law	Commercial dialogue, Consumer Society, Development needs.	Jean Monnet Chair in Comparative Constitutional Law, & College of Europe EU-China Center relaunched. Sorbonne-CSJ Joint Master Degree in Journalism. Exchange programs, vocational training, capacity building; EU expertise in governance & human rights; China focus on vocational, tech, and market-oriented education
Health	Sustainability, Human Rights	Development needs	EU-China Medicine Hub, Health Care leadership. Joint healthcare innovation, green hospital infrastructure, public health policy dialogue; EU experience in health systems; China in scalable healthcare tech and supply chain. Exchange program with Stanford University on Health Leadership.
Housing	Development needs, Commercial dialogue	Smart city and affordable housing partnerships; EU best practices in urban planning & green building; China in large-scale construction and finance solutions	OECD Program on smart city and inclusive Growth.
Finance / Green Bonds Issuance	Sustainability, Rule of Law	Financial markets, Import-export	Development of Euro-denominated green bonds in HK as a hub ² ; EU standards & regulatory expertise; China investor base & commercial markets
Commercial & Trade Facilitation	Good Governance, Rule of Law	Import-export, Commercial dialogue	Promote cross-border trade flows; EU regulatory frameworks; China supply chains; HK as neutral trading hub
Sustainability Initiatives	Sustainability, Urbanism	Development needs, Consumer society	Climate projects, renewable energy financing, urban resilience; EU tech & standards; China investment & scaling capacity
Consumer Society	Human Rights, Good Governance, Sustainability	Commercial dialogue, Consumer society, Financial markets	Promote responsible consumption, digital retail innovation, cross-border e-commerce; EU standards on consumer protection & legislation, China scale in e-commerce & payment systems

² https://www.hkgb.gov.hk/en/others/documents/FSTB_GreenBond25_eBooklet_EN.pdf

3. POLITICAL DYNAMICS IN HONG KONG

The political landscape of Hong Kong has undergone a profound transformation in recent years, particularly following the enactment of the National Security Law (NSL) in 2020. This legislation represents a pivotal shift in the legal and institutional architecture of the city, fundamentally altering the balance between state authority and civil liberties. The NSL criminalizes acts of secession, subversion, terrorism, and collusion with foreign forces, introducing a level of legal ambiguity that has generated significant concern among local residents, civil society groups, and international observers. The law's broad scope and extraterritorial reach have implications not only for overt political activism but also for everyday civic engagement, prompting heightened self-censorship and caution in public discourse.

From a governance perspective, the NSL has led to structural changes within Hong Kong's administrative and judicial systems. Authorities have gained expanded powers in surveillance, enforcement, and prosecutorial discretion, while the independence of local institutions—including courts, professional bodies, and regulatory agencies—has been perceived as increasingly constrained. These developments have directly affected public trust in institutions, with surveys and field studies indicating a marked decline in confidence among residents regarding impartiality, accountability, and the protection of rights. The law has also influenced policy formulation, with government decisions increasingly framed to balance compliance with Beijing's strategic imperatives and the need to maintain local legitimacy.

The NSL's broader implications can be understood through the lens of authoritarian consolidation within hybrid regimes. Hong Kong now functions as a semi-autonomous system under heightened central oversight, where legal instruments serve both as mechanisms of control and as tools to project an image of legitimacy externally. This creates a complex governance environment in which local administrators and policy actors must navigate competing pressures: maintaining operational effectiveness, addressing citizen needs, and adhering to centrally defined political priorities. Comparative scholarship on semi-autonomous regions under authoritarian influence highlights that such legal and institutional shifts often produce unintended consequences, including increased social polarization, emigration of skilled professionals, and changes in patterns of political participation. The NSL thus not only reshapes governance but also profoundly affects social and economic behavior, with long-term consequences for Hong Kong's institutional resilience, civic identity, and international positioning.

Social Movements and Collective Action

Parallel to these political transformations, Hong Kong has witnessed significant episodes of social mobilization, most notably the 2019 pro-democracy protests, which were among the largest and most sustained civic movements in the city's history. These protests emerged from a complex constellation of motivations, including opposition to the proposed extradition bill, broader concerns about the erosion of political autonomy, and a perceived decline in civil liberties. At the core of these movements was the construction of a collective identity that transcended age, occupation, and socio-economic status, uniting participants around shared values of democracy, justice, and civic responsibility. This collective identity served not only as a mobilizing force but also as a mechanism of social cohesion, enabling decentralized yet coordinated action across neighborhoods, campuses, and workplaces.

Technology played a central role in shaping the dynamics of these movements. Digital platforms, encrypted messaging applications, and social media networks facilitated real-time communication, rapid mobilization, and strategic coordination. Activists employed sophisticated methods to organize protests, distribute information, and circumvent surveillance, demonstrating a high degree of digital literacy and adaptability. These tools also amplified the international visibility of the movement, connecting local grievances with global audiences and eliciting international solidarity, which in turn influenced Hong Kong's political narrative on the world stage.

From a theoretical standpoint, these movements illustrate key principles of social movement theory, including the interaction of grievances, resource mobilization, and political opportunity structures. While formal policy concessions were limited, the protests generated significant secondary outcomes: the strengthening of civic networks, the emergence of new forms of political activism, and the crystallization of a generation's political consciousness. They also reveal the adaptive capacity of social movements under legal and political constraints, highlighting strategies of resilience, innovation, and decentralized leadership. Importantly, these dynamics underscore that social mobilization in Hong Kong cannot be understood solely in terms of immediate political outcomes; it is equally a phenomenon that shapes collective identity, civic norms, and the long-term sociopolitical fabric of the city.

Moreover, the interplay between social movements and the NSL illustrates the delicate balance between state authority and civic agency. The legal constraints introduced by the NSL have reshaped the tactical

repertoire available to activists, prompting shifts toward digital activism, legal advocacy, and low-risk forms of protest. At the same time, these restrictions have contributed to heightened international scrutiny, with foreign governments, NGOs, and scholarly institutions increasingly examining Hong Kong as a case study in civil resistance under semi-authoritarian conditions. This dynamic creates a layered socio-political environment, where collective action, governance, and legal frameworks continuously interact, shaping both immediate political behavior and long-term institutional evolution.

In sum, the political and social landscape of Hong Kong is characterized by a complex interplay of legal transformation, governance constraints, and civic mobilization. The National Security Law has significantly altered the institutional and normative environment, constraining civil liberties and challenging traditional forms of political participation, while social movements continue to adapt, innovate, and assert collective agency. Understanding these dynamics requires an integrated approach that considers legal frameworks, governance structures, civic strategies, and technological tools, situating Hong Kong within broader comparative debates on democracy, authoritarian influence, and social resilience.

No social movement has survived with strong leadership and good governance, and China does have a tradition for recruiting rebellious students into the governance fabric, less so Hong Kong. This leads us to the next section on how to proceed between the EU and Hong Kong.

4. PUSH-UPS

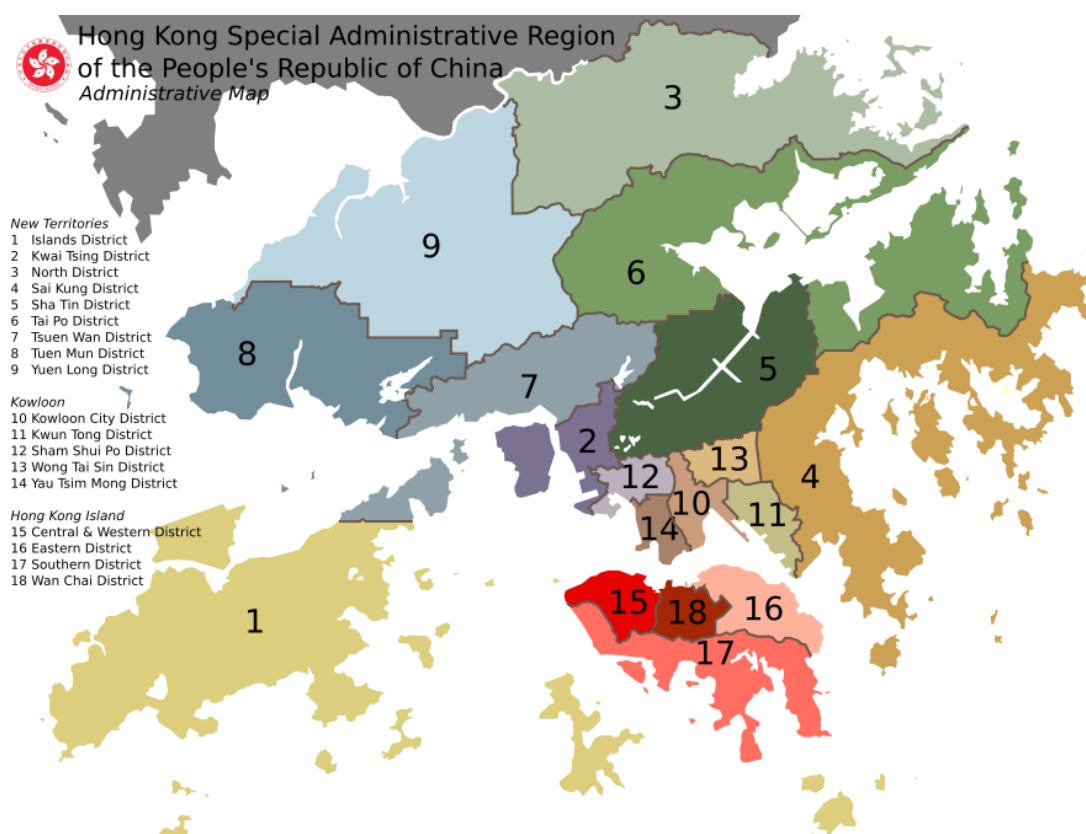
The Hong Kong Special Administrative Region (HKSAR) and its surrounding districts, highlighting the administrative divisions and spatial layout relevant to political, social, and governance analyses. Each numbered region represents one of Hong Kong's 18 districts, color-coded to distinguish geographic and administrative boundaries. This includes Hong Kong Island (districts 1–4, yellow and orange shades), Kowloon (districts 10–14, brown/purple shades), and the New Territories (districts 5–9, green and blue shades).

Key observations and contextual notes:

1. **Spatial Distribution:** Hong Kong Island and Kowloon are highly urbanized, densely populated, and serve as economic and political hubs. New Territories encompass more extensive areas with mixed urban and rural communities, including industrial zones, technology parks, and traditional villages.
2. **Political Relevance:** Urban districts, particularly in Kowloon and Hong Kong Island, have historically been the epicenters of political mobilization, public demonstrations, and civil society activity, especially during the 2019–2020 protest movements. The distribution of districts underscores how population density, urban infrastructure, and accessibility shape patterns of civic engagement.
3. **Governance Implications:** Administrative divisions reflect the framework for local governance, including District Councils, municipal services, and public resource allocation. District-level distinctions influence the implementation of policies, law enforcement strategies, and community engagement mechanisms, making them a key consideration for evaluating governance models and policy interventions.
4. **Socio-Economic Patterns:** Districts vary significantly in socio-economic composition, with central business districts concentrated in Hong Kong Island, mixed residential and commercial zones in Kowloon, and a combination of urban peripheries and rural areas in the New Territories. This diversity affects political participation, protest mobilization, and the efficacy of governance initiatives.
5. **Strategic Importance:** The map also provides a foundation for understanding how district-level differences interact with broader policy and governance frameworks, including the implementation of the National Security Law, social service distribution, and cross-border interactions with Guangdong in the Greater Bay Area context.

Overall, this visual representation offers an essential tool for linking spatial, socio-political, and governance analyses in Hong Kong, allowing for targeted examination of political dynamics, protest mobilization, and district-specific policy responses.

Figure Administrative Set-up



Source: https://en.wikipedia.org/wiki/Districts_of_Hong_Kong

GOVERNANCE

Across the periods, Hong Kong emphasizes that urban development in Hong Kong cannot be reduced to merely physical expansion; rather, it must be understood as the product of dynamic interactions between state authority, economic forces, social change, and cultural negotiation, including the emergence of distinctive local identities through the interplay of Chinese and European influences

1.Urban Governance: Chief Executive Policy Unit³ will need restructuring into a CEO department. Currently, the organisation follows a classical model. The CEO department is a staff function affiliated with the CEO and with units concerning (1) policy coordination (2) performance control (3) Initiatives and projects (4) Annual report (5) External relations (MORI⁴, World Economic Forum, The Economist, Composite HKSAR Index, OECDs SDG⁵, EPI⁶) (6) Communication.

The annual report would expand on departmental goal-setting

and make them into an annual report⁷>>> Annual report (1) Activity report (2) performance stat (3) KPI versus citizen satisfaction (4) discussion of public policy (5) Action Plans by councilors to close gaps.

Pilot Project: Green infrastructure, planting of trees and boulevards. Streetscape, parks and squares.

2.Districts Council: The district management system in Hong Kong is organized under the Home Affairs Department (HAD) and operates across the city's eighteen districts, each served by a dedicated District Office. These offices serve as the primary institutional units for local administration, functioning as the government's presence at the district level and acting as hubs for coordination, community engagement, and public service delivery. At the helm of each District Office is a District Officer (DO), who simultaneously serves as the government's representative in the district, the chairperson of the District Council (DC), and the leader of the District Management Committee (DMC). This dual role situates the

³

<https://www.gov.hk/en/about/govdirectory/govchart/index.htm>

⁴ <https://mori-m-foundation.or.jp/english/ius2/gpci2/index.shtml>

⁵ <https://www.oecd.org/en/data/tools/oecd-local-sdgs.html?>

⁶ <https://epi.yale.edu/>

⁷ <https://www.csb.gov.hk/english/admin/pm/174.html>

DO as a key intermediary between central administration and local communities, bridging executive authority with local advisory structures.

The organizational structure of a typical District Office, such as that in Yuen Long, comprises the District Officer supported by Assistant District Officers, senior executive officers responsible for district management and district council affairs, senior liaison officers, and senior inspectors of works. This structure enables the office to perform multiple functions including community liaison, infrastructure oversight, and facilitation of District Council activities. Through these arrangements, the District Office operates as a multi-functional managerial team that addresses the diverse needs of the district.

Central to the district management framework is the coordination of public services and facilities. The District Management Committee convenes representatives from various government departments active in the district to review community needs, ensure the efficient delivery of public services, and respond to local issues such as environmental concerns, public safety, and amenities. This interdepartmental coordination mechanism ensures that service provision is harmonized and responsive to local conditions. District Offices also serve as the government's frontline interface with citizens, collecting feedback, communicating policy intentions, and promoting community participation. This citizen-centric approach emphasizes the integration of local perspectives into broader policy implementation.

District Offices support the functioning of District Councils by organizing meetings, facilitating research and consultation, and ensuring that government positions are clearly communicated to residents. While District Councils primarily exercise an advisory and consultative role rather than autonomous decision-making, the District Officer's involvement provides a critical link between local representation and governmental action. Additionally, District Offices foster local networks and committees, such as Area Committees, District Fight Crime Committees, District Fire Safety Committees, and various community volunteer groups, which are tasked with managing specific local concerns and mobilizing community engagement.

Operationally, the District Management Committee plays a vital role in both vertical and horizontal coordination, ensuring collaboration between departments such as Housing, Transport, Health, and Social Welfare. District Offices provide direct services, including public outreach, information dissemination, minor works, and facility maintenance. They also liaise with building management organizations and serve

as problem-resolution centers for traffic, environmental, public health, and recreational issues. This positions District Offices not only as advisory bodies but also as functional service providers that respond directly to the needs of residents.

The district management model demonstrates several strengths, including integrated local governance through a centralized coordination mechanism, extensive community connectivity that allows for tailored responses to local needs, and structured participatory channels via District Councils and other committees. Nevertheless, certain constraints exist. District Councils, while representative, retain primarily advisory powers, and the District Officer is a government appointee, which shapes the interface between elected council members and administrative authority. Consequently, district management in Hong Kong is characterized more by administrative efficiency and consultative governance than by autonomous local political authority.

In summary, the district management framework in Hong Kong is anchored by the District Officer and the District Management Committee, supported by a network of liaison officers, executive staff, and local committees. It emphasizes interdepartmental coordination, community engagement, and responsive service delivery. The model seeks to balance government oversight with local input, ensuring that public services are attuned to the specific needs of residents while maintaining the centrality of the government in local governance.

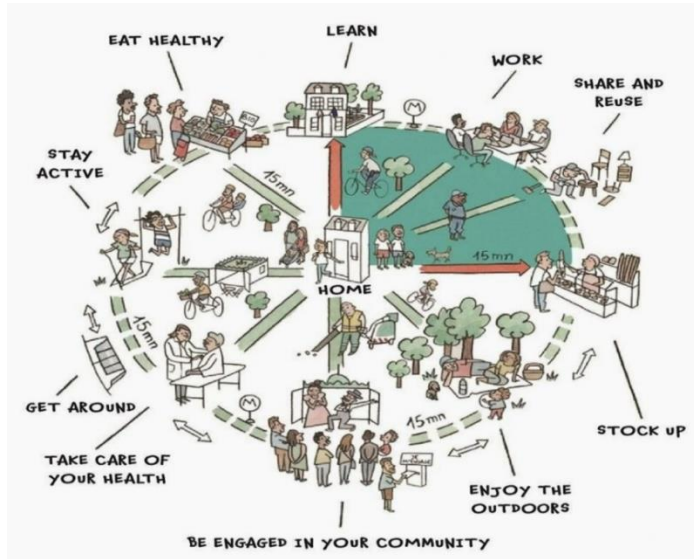
The regulation of these has recently been modernized, but it does not seem the services coincide with the borders within the three provinces: New Territories, Central HNK and Kowloon. Since the district leaders answers to nobody but an appointed council and is merely restrained by the upper layers of government, the question arises how to proceed ahead of the decision to concentrate more services such as merging police precincts, precincts of the courts, waterworks, at district-level, districts constitute an entry point for those in the known about the real and imagined room of maneuver in Hong Kong Special Administrative Region.

Since this is a known area of policy development, it is advised the Chief Executive might evolve powers combined with the introduction of policy labs on accountability and participatory governance building on the performance management system the civil service is used to work under, albeit this time of a more political nature geared to strengthening accountability and participatory governance at several decision-making

levels in the HNK SAR.

Kick off projects: A 15-minute City in Kowloon, a multi-functional library in the New Territories with an emphasis on cultural amenities, and a Urban Design in the Northern Metropolis. HNK SAR Theater in Kowloon and multi-performance hall in the Northern Metropolis.

Figure Moreno's version of garden city, urban vitality, New Urbanism & sei-katsu-sha



Source: <https://www.dezeen.com/2023/10/16/15-minute-city-guide/>

3.Ombudsman: *The EU and Hong Kong could engage in policy dialogue on the role and functions of the Ombudsman in promoting transparency and accountability. Both sides can exchange best practices on complaint-handling mechanisms, independence, and accessibility of oversight institutions. Discussions can focus on strengthening citizen trust in public administration and enhancing institutional responsiveness. Ombudsman policies can be linked to broader good governance, anti-corruption efforts, and protection of fundamental rights.*⁸

4.Minority Policy: *The EU and Hong Kong can share best practices on protecting minority rights and promoting social inclusion. Both sides can focus on equal access to education, employment, and public services for minority communities. Policies can emphasize anti-discrimination measures, cultural recognition, and protection of linguistic and religious diversity. Minority policies can be linked to social cohesion, community empowerment, and participatory governance.*

Pilot project: John Lee make a Policy speech at a Church

>Action Plan on Phillipine Nannies⁹

The action plan aims to improve the regulation, training, and welfare of nannies and foreign domestic helpers in Hong Kong, numbering hundred thousand people¹⁰. First, it will establish standardized training programs covering childcare, first aid, and child development. Second, a certification and licensing system will be implemented to ensure professional quality and accountability. Third, labor rights and working conditions will be reinforced, including fair wages, rest periods, and protection against exploitation. Fourth, support services such as counseling, legal aid, and professional networks will be made accessible to nannies. Fifth, partnerships with educational institutions and NGOs will promote continuous professional development and upskilling. Sixth, public awareness campaigns will highlight the importance of professional childcare and the role of nannies in family well-being. Seventh, data collection and monitoring mechanisms will track workforce trends, compliance, and gaps in service provision. Finally, regular review and policy adjustments will ensure the system remains responsive to evolving family and societal needs in Hong Kong.

5. Facilitating a National Dialogue: The EU could act as a neutral mediator to initiate and support a structured national dialogue with Hong Kong's prominent families and business elites. By providing a platform for open communication, it can help identify underlying economic, social, and political grievances, while fostering collaborative problem-solving. This approach would address immediate tensions, strengthen long-term societal cohesion, ensure that influential stakeholders feel acknowledged, and contribute to a more stable environment for governance, commerce, and investment. Beyond mediation, the EU could strategically position itself as a trusted intermediary in Hong Kong by facilitating a national dialogue with key elite stakeholders. Engaging influential families in structured discussions would enable the EU to address pressing grievances, promote norms of transparency and inclusive decision-making, and subtly reinforce EU principles of rule of law, civil society engagement, and sustainable economic governance. This approach would serve dual purposes: fostering local stability and projecting EU soft power, thereby maintaining Europe's relevance and credibility in shaping Hong Kong's evolving political and economic landscape.

⁸ <https://www.ombudsman.hk/whoweare/?lang=en>

⁹

<https://www.policyaddress.gov.hk/2023/en/p132.html>

¹⁰ https://digital.lib.hkbu.edu.hk/helper-at-home/en/home.html?utm_source=chatgpt.com

6.Human rights: *The EU and Hong Kong can cooperate on promoting fundamental human rights, including freedom of expression, assembly, and association. Both sides can focus on strengthening legal frameworks, independent oversight, and access to justice for all individuals. Human rights policies can emphasize protection of vulnerable groups, including women, children, and minorities. Promotion of human rights can be linked to sustainable development, rule of law, and inclusive governance.*

Pilot Project: Exchange programs on Master-degrees in EU (WANG YI).

7.Policing and Legal affairs: *The EU and Hong Kong can cooperate on policing strategies, crime prevention, and law enforcement professionalism. Both sides can exchange best practices on judicial independence, legal reforms, and access to justice. Discussions can focus on cross-border cooperation, cybersecurity, and combating organised crime and financial crime. Policing and legal affairs can be linked to upholding the rule of law, public trust, and human rights protection.*

Pilot project: Europol-HKSAR Action Plan on The Triad. The Europol-HKSAR Action Plan seeks to strengthen transnational cooperation in combating Triad-related organized crime through intelligence-sharing, joint operations, and capacity-building initiatives. The plan focuses on three complementary pillars: prevention, disruption, and prosecution.

In the prevention pillar, the action plan emphasizes community engagement, public awareness campaigns, and targeted interventions aimed at reducing recruitment into Triad networks. Collaborative research will be conducted to map vulnerabilities, analyze socio-economic drivers of organized crime, and develop evidence-based strategies to disrupt early-stage criminal activity.

The disruption pillar centers on enhancing operational coordination between Europol, HKSAR law enforcement, and other relevant regional authorities. This includes real-time intelligence exchange, joint task forces, and coordinated cross-border investigations targeting illicit trafficking, money laundering, cyber-enabled crimes, and financial networks associated with the Triad. Advanced analytical tools, predictive policing technologies, and risk assessment frameworks will be employed to optimize resource allocation and operational impact.

Under the prosecution pillar, the plan will prioritize legal harmonization, capacity building for prosecutors, and mutual assistance in criminal investigations. Europol and HKSAR will facilitate training programs, workshops, and exchange visits

to strengthen judicial cooperation, improve evidence-gathering procedures, and ensure successful prosecution of Triad members while respecting human rights and due process.

Strategic coordination mechanisms will include the establishment of a Europol-HKSAR liaison unit, regular operational briefings, and a secure digital platform for sharing intelligence and legal updates. Continuous monitoring and evaluation will measure outcomes, track emerging threats, and inform iterative adjustments to the action plan.

Figure HNK SAR POLICE



The ultimate goal is to reduce the operational capabilities of the Triad, protect communities, and reinforce the rule of law, while setting a benchmark for international collaboration against transnational organized crime. By leveraging combined European and Hong Kong expertise, this action plan aims to create a robust, adaptable framework capable of responding to evolving criminal networks in a rapidly changing global environment.

The UK is best on investigation, France on suppression and Holland on resocialisation.

UK-HNK SAR: Policing models and Education of judges.

Pilot Project: Building of a modern prison.

8. English language bookshops

Hong Kong's bookshop market has turned fragmented suddenly what used to be a primary oasis for avid bookreaders had degenerated into a patchwork of small, struggling outlets. Hong Kong can rebound its English-language bookshop sector by incentivizing independent bookstores through lower rents or tax relief to make

physical locations sustainable. Supporting community-focused spaces that combine books with cafés, events, and cultural programming can also enhance their appeal. Encouraging curated and diverse stock, including academic, literary, and popular English titles, will attract a wider readership. Pop-ups and mobile bookstores can reach underserved districts and test demand. Partnerships with schools and universities can secure bulk orders and steady readership, while integrating online and offline sales channels helps compete with global e-commerce. Public campaigns highlighting reading culture and the social value of bookshops can foster community engagement. More multi-functional libraries are most welcome. Finally, monitoring performance using data on foot traffic, sales, and community participation will allow continuous adaptation to sustain long-term growth.

Pilot Project: Fnac, Casa del Libro & WH Smith opens branches.

5. POLICY DIALOGUES

HEALTH

The EU and Hong Kong SAR could cooperate across several key health areas. In medical research and innovation, they can conduct joint clinical trials and translational research on emerging diseases, collaboratively develop vaccines, therapeutics, and diagnostic tools, and share data for public health research and epidemiological studies. In traditional and integrative medicine, collaboration could include establishing centers for Traditional Chinese Medicine (TCM) research in European contexts, jointly evaluating the safety, efficacy, and pharmacology of herbal and integrative therapies, and implementing cross-cultural medical training programs for doctors and researchers.

In the field of digital health and health technology, the partnership could focus on developing telemedicine platforms and AI-driven diagnostics, advancing health informatics and electronic medical record interoperability, and collaborating on wearable health monitoring, mobile health applications, and smart hospital solutions. Regarding public health and disease prevention, joint strategies could be developed for infectious disease control, outbreak response, and vaccination programs, alongside health promotion campaigns targeting lifestyle-related diseases such as diabetes and cardiovascular conditions, as well as research on mental health, ageing, and urban health challenges.

Healthcare policy and system innovation could benefit from comparative studies on healthcare financing, delivery models, and regulatory frameworks, pilot projects on integrative care pathways and patient-centered services, and capacity building in healthcare management and governance. In education and

professional exchange, cooperation could include fellowships, short-term training, and workshops for medical professionals and researchers, joint postgraduate programs and collaborative curricula in public health, medicine, and biomedical sciences, and knowledge exchange on hospital management, clinical practices, and research methodologies. Finally, in **pharmaceutical and biotech collaboration**, the EU and Hong Kong SAR could work on co-development of new drugs and biologics, joint regulatory research for faster approval pathways, and sharing best practices in clinical trial management and pharmacovigilance.

Pilot Project

Joint Europe-China Center for Traditional and Integrative Medicine: The proposed center will be a collaboration between leading European and Chinese universities, focusing on research, education, and innovation in traditional Chinese medicine and integrative healthcare. It will conduct joint clinical studies, pharmacological research, and cross-cultural medical training programs to evaluate efficacy and safety of traditional practices in European contexts. The center will offer short-term fellowships, workshops, and collaborative courses for medical professionals and researchers from both regions. It aims to create a shared knowledge platform, combining scientific rigor with traditional expertise, and to pilot integrative healthcare solutions suitable for European healthcare systems. The initial phase will serve as a pilot project, establishing governance, research protocols, and partnership frameworks to scale future collaborations across Europe and China.

EDUCATION:

Education is big business these days and joint ventures between HNK SAR-EU Universities could be sized on to enter Chinese market. China respects learned people as an old civilization.

EU-China Research Centre will reposition itself as the leading hub for research and policy dialogue on EU-China relations. Its mission will emphasize bridging European expertise with Chinese perspectives in governance, trade, sustainability, and technology. The website will be redesigned for clarity, featuring updated research, events, and faculty profiles. A refreshed visual identity, including infographics and videos, will enhance visibility and engagement. Signature research projects will focus on high-priority themes such as the digital economy, sustainability, rule-of-law, and Belt & Road initiatives.

Policy briefs, working papers, and journal articles will be regularly published to reach both academic and policy audiences. Strategic partnerships with European think tanks, Chinese universities, and EU institutions will be strengthened. Joint programs, visiting fellowships, and collaborative projects will expand the centre's network and influence. Student-focused initiatives, including internships, research assistantships, and workshops, will integrate teaching with practical experience. A series of webinars, seminars, and conferences will raise the centre's profile internationally. Annual impact reports will showcase research influence, policy uptake, and alumni achievements. Funding sustainability will be ensured through EU grants, private sponsorships, and paid courses or consultancy services. Governance will be clarified with dedicated leadership, research leads, and communications staff. Monitoring and evaluation frameworks will track research quality, engagement, and strategic outcomes. Innovative initiatives, such as a China-EU Policy Lab and micro-credentials for policymakers, will position the centre as a dynamic, forward-looking institution shaping the EU-China dialogue.¹¹ On this basis, creating positions for graduates at Chinese universities will help challenge outdated 19th-century perceptions of the EU in the region *a la Russe*, while simultaneously cultivating better-educated EU citizens and fostering a deeper understanding of China in Europe. Conversely, placing Chinese graduates and researchers in European universities and institutions can enhance understanding of China among European citizens, while simultaneously promoting academic exchange and fostering more nuanced perceptions of China across Europe. This reciprocal arrangement ensures a two-way flow of knowledge, ideas, and cultural understanding, strengthening mutual awareness and informed engagement between the EU and China.

*Xi is on the record for saying he thinks rule of law societies are better at spurring growth than rule by law societies. We recommend a Jean Monnet chair in Comparative constitutional law to understand better the stakes, the room of maneuver and the different constitutional doctrines in play.*¹² Comparative studies create a vocabulary and framework for debate beyond PRC-specific texts. It can legitimize discussions on constitutional reform, administrative law, fundamental rights, and checks on power, even if framed carefully within Party-approved parameters. Research, joint publications, workshops, and conferences under Jean Monnet grants can connect Chinese academics to international scholarship, producing peer-reviewed work and citations that gradually shape norms

of scholarly debate. By exposing scholars and policymakers to European experiences, a Jean Monnet chair can highlight: (1) **Rule-of-law mechanisms**: judicial review, independent courts, constitutional remedies (2) **Institutional accountability**: checks on administrative power, transparency frameworks (3) **Rights-based governance**: protecting social and economic rights in ways compatible with China's constitutional rhetoric. While full adoption may not happen politically, these ideas enter the discourse, providing intellectual tools for reform-minded scholars or policy think tanks. Over time, this can shift the terms of debate from purely domestic or political framing toward more systematic, theoretically grounded discussions about governance, rights, and law.

The CSJ Master's in Journalism is a proposed joint program between Columbia Journalism School, Sorbonne University, and Hong Kong University (HKU). It aims to provide students with a globally integrated journalism education, combining American, European, and Asian perspectives. The two-year program would include semesters in New York, Paris, and Hong Kong, offering core journalism courses, multimedia production, and regional media studies. Students would complete a capstone project or thesis integrating cross-regional reporting and comparative media analysis. The program seeks to train journalists with deep understanding of global media ecosystems, ethical standards, and cross-cultural reporting skills. Graduates would receive joint recognition from Columbia, Sorbonne, and HKU, supported by internships, faculty mentorship, and collaborative reporting labs. The program would strengthen academic and professional networks between Europe, North America, and Asia, while enhancing understanding of EU-China relations and Asia-Pacific media trends. Ultimately, it would prepare students for leadership roles in international media, policy communication, and public affairs.

The Joint Degree in Sustainable Urban Planning is envisioned as a collaborative program with a leading Dutch university, combining cutting-edge European expertise in urban design, sustainability, and governance with local contextual knowledge to equip students with

¹¹ <https://www.coleurope.eu/page-ref/eu-china-research-centre>

¹² <https://www.routledge.com/Routledge-Handbook-of-Constitutional-Law-in-Greater-China/Bui-Hargreaves->

[Mitchell/p/book/9780367651862](https://www.routledge.com/Routledge-Handbook-of-Constitutional-Law-in-Greater-China/Bui-Hargreaves-Mitchell/p/book/9780367651862), Zhang Qianfan Constitutional reforms in China, Dowdle & Balme Build Constitutipnalism in in China, Peng Chengyi Chinese Constitutinalism in context,

the skills and perspective needed to shape resilient and innovative cities.¹³

This joint MA in International Relations and Policy Studies combines the global expertise of London School of Economics (LSE) with the regional insight of a leading Hong Kong university. Students spend the first semester in London, learning global governance, international political economy, and Global security frameworks. The second semester is in Hong Kong, focusing on Asia-Pacific politics, China's foreign policy, and regional security dynamics. Courses are co-designed and co-taught by faculty from both institutions to ensure consistency in academic standards and cross-regional perspectives. Assessments include joint research projects, policy simulations, and comparative case studies spanning Europe and Asia. Graduates receive a jointly awarded degree, recognized in both the UK and Hong Kong, enhancing careers in diplomacy, international organizations, and policy analysis. Admissions, tuition, and scholarships are harmonized through a single application process. The program aims to produce policy professionals capable of navigating complex geopolitical challenges across Europe and Asia.

This joint MSc/MPH in Health Leadership and Medical Research combines the innovative biomedical research and global health expertise of Stanford University with the regional healthcare insight of a leading Hong Kong university. Students spend the first semester at Stanford, focusing on advanced biomedical research methods, health system innovation, and leadership in healthcare organizations. The second semester is in Hong Kong, emphasizing public health policy, hospital management, and Asia-Pacific medical research priorities. Courses are co-designed and co-taught by faculty from both institutions to ensure rigorous scientific training and applied leadership development. Assessments include collaborative research projects, health policy analyses, and leadership practicums in hospitals and research centers across both regions. Graduates receive a **jointly awarded degree**, recognized in both the U.S. and Hong Kong, preparing them for careers in global health leadership, clinical research, and policy advisory roles. Admissions, tuition, and scholarships are harmonized through a single application process to streamline enrollment. The program aims to produce healthcare leaders and medical researchers capable of driving innovation and improving health outcomes across diverse international contexts.

HOUSING:

The EU and Hong Kong SAR have significant potential to

collaborate across a wide spectrum of housing policy, planning, and innovation, leveraging each other's expertise to address both immediate and long-term urban challenges. In the area of affordable and social housing, cooperation could go beyond merely increasing the number of units to include the design of sustainable, inclusive communities that balance density with quality of life. This could involve sharing best practices on public housing models, innovative financing mechanisms such as housing bonds or social impact investment, and approaches to mixed-income neighborhoods that promote social cohesion while ensuring accessibility for lower-income groups.

In urban planning and sustainable development, the partnership could tackle complex issues associated with high-density cities. Drawing on Europe's experience with compact urban design, transit-oriented development, and green zoning, the EU and Hong Kong SAR could jointly explore strategies to integrate nature-based solutions, rooftop and vertical gardens, and energy-efficient building standards. Collaboration could also focus on urban renewal projects that simultaneously address environmental sustainability, affordable housing, and community well-being, providing models for cities grappling with land scarcity and population pressures.

Cooperation in smart housing and digital infrastructure offers opportunities to merge cutting-edge technologies with everyday living. This includes integrating Internet-of-Things (IoT) systems for building management, automated energy optimization, and resident-centric smart services, as well as developing predictive maintenance technologies and digital twins for urban planning. By piloting these technologies, Hong Kong SAR and EU cities could establish new standards for technologically enhanced, sustainable, and resilient housing.

In the domain of housing finance and policy innovation, joint efforts could examine creative mortgage schemes, rental subsidies, and public-private partnership models tailored to diverse urban contexts. Exchange programs could explore lessons learned from European housing cooperatives, social housing funds, and regulatory incentives for affordable housing, enabling Hong Kong to adapt and innovate in ways that maintain financial sustainability while expanding access.

Collaboration on heritage, adaptive reuse, and urban

¹³ <https://www.mastersportal.com/search/master/urban-planning/netherlands>

regeneration could harness expertise in preserving historical buildings, retrofitting aging structures, and transforming underused industrial or commercial spaces into livable, vibrant housing. This approach would balance cultural preservation with modern housing needs, offering replicable models for cities facing both heritage conservation obligations and housing pressures.

Finally, in resilience, climate adaptation, and disaster preparedness, the EU and Hong Kong SAR could jointly design housing systems capable of withstanding climate-related risks such as flooding, heatwaves, and typhoons, integrating resilient infrastructure, green energy solutions, and community-based disaster preparedness programs. This could extend to developing governance frameworks for long-term urban resilience, combining strategic planning with adaptive housing policies that anticipate future demographic, environmental, and economic shifts.

Through these areas of cooperation, the EU and Hong Kong SAR would not only address pressing housing shortages and affordability challenges but also position themselves as global leaders in innovative, sustainable, and inclusive urban living, creating scalable models that other high-density, high-demand cities could emulate.

PILOT PROJECT: Urban Design in Northern Metropolis on Asian-style on one family affordable housing

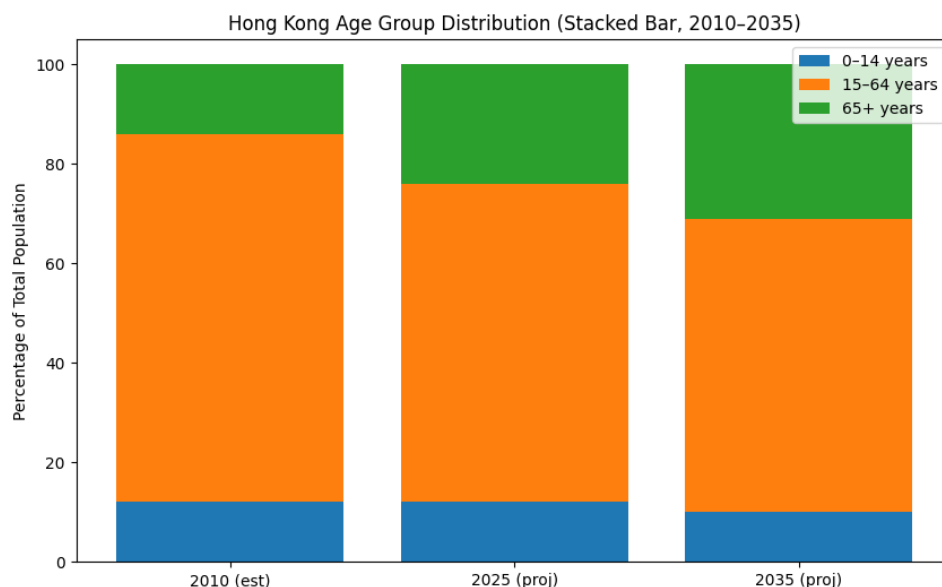
Youth – Given the assumption that Hong Kong’s youth are globally connected, ambitious, and eager to participate seriously in shaping their society, the demographic trends presented in the chart carry significant implications for government policy, governance, and strategic planning. The decline in the proportion of working-age residents (15–64) alongside the growth of the elderly population signals a shrinking domestic labor force. For a cohort of youth who seek meaningful global engagement, it is imperative that the government invests in education, particularly in science, technology, engineering, and mathematics, as well as digital skills that enable them to compete internationally. Policies that facilitate entrepreneurship, including the establishment of incubators, access to startup funding, and the creation of a regulatory environment conducive to innovation, would allow

young people to contribute economically while maintaining global connectivity. Furthermore, initiatives to encourage sustained workforce participation, including retention strategies for young talent and the attraction of skilled expatriates, are necessary to mitigate the risks associated with a diminishing labor pool. Without these measures, the potential of globally oriented youth may remain underutilized, and economic growth could be constrained amid an aging population.

The governance implications of these demographic shifts are equally significant. With an older population dominating traditional decision-making channels, young residents may experience underrepresentation unless deliberate steps are taken to integrate their perspectives. The creation of youth advisory councils and other consultative bodies with substantive influence on policy, particularly in areas such as technological development, environmental sustainability, and social innovation, would facilitate meaningful participation. The use of digital platforms for policy consultation, participatory budgeting, and co-creation can enable tech-savvy youth to engage directly with governmental processes. In addition, civic education that emphasizes global perspectives can help balance local identity with international engagement, ensuring that the younger generation remains invested in the long-term development of Hong Kong. Failure to incorporate youth perspectives may result in disengagement, a potential exodus of talent, and a policy disconnect between generational priorities.

Social services and infrastructure must also adapt to the dual pressures of an aging population and a globally minded youth cohort. The expansion of healthcare and eldercare services is essential, and technological solutions may provide opportunities for employment and innovation among young people while addressing the needs of older residents. Housing and urban planning policies must consider multigenerational needs, including the provision of affordable and flexible housing options that enable young professionals to remain in Hong Kong while maintaining international engagement. Enhancing mobility, public transportation, co-working spaces, and international networking hubs will further support youth as they act as global citizens from within the city.

Figure



From a strategic perspective, the government can position Hong Kong as a launchpad for global talent by implementing policies that encourage international collaboration, research partnerships, and mobility programs. Marketing the city as a hub for entrepreneurship, innovation, and cultural exchange would capitalize on the strengths of both an experienced older population and a dynamic, globally oriented youth population. The demographic projections should be treated as a strategic tool, balancing the stability and experience provided by older residents with the innovation and international outreach potential of young citizens.

If the aspirations and capabilities of youth are not integrated into governance and policy planning, Hong Kong risks a loss of human capital through brain drain, a misalignment between policy priorities and generational expectations, and potential stagnation in knowledge-intensive economic sectors. In conclusion, the government must adopt a proactive, inclusive, and forward-looking policy approach that simultaneously addresses the challenges of an aging population while providing opportunities for youth to innovate, govern, and contribute to global networks from within Hong Kong.

Pilot Project: Many of the Student leaders ended up migrating, after the authorities booked them, send them to jail or pushed them out. Most of them wanted scholarships for education abroad, whereas China has a long tradition for hiring critical voices, but not so much in HKSAR. Could the EU step in and mediate with some of them such as an Agnes Chow?

Elder Policy: The EU and Hong Kong can exchange best practices on active ageing, long-term care systems, and community-based elder services. Both sides can focus on innovation in health technologies, digital care solutions, and age-friendly urban design. Cooperation can address

workforce shortages in elder care through skills development, training, and ethical mobility frameworks. Elder policies can be linked to fiscal sustainability, social inclusion, and the wellbeing of rapidly ageing societies. Elder poses a burden and will often lead to an increase in demand for cultural institutions, something the HKSAR respects.

Pilot Project: Intergenerational House in Japandi style in Northern metropolis or New territories.

Pilot Project: DG Competition and HKSAR Competition Authority Dialogue

Culture Policy the European Union has consistently promoted cultural policy dialogue with Hong Kong as a way to foster mutual understanding, creativity, and exchange of ideas. Through initiatives ranging from arts funding collaborations to heritage preservation programs, the EU seeks to support Hong Kong's vibrant cultural scene while encouraging cross-cultural learning and innovation. Such dialogue emphasizes the importance of shared values, artistic freedom, and cultural diversity as bridges between European and Hong Kong societies, strengthening long-term cooperation beyond economic and political ties.

Pilot Project Exchange programs for artists, curators, and cultural managers to foster cross-cultural collaboration. Joint exhibitions or performances showcasing European and Hong Kong cultural heritage. Digital innovation projects that explore new ways to share cultural content online. Cultural policy workshops to share best practices in heritage preservation, arts funding, or creative economy strategies.

These pilots allow both sides to experiment, evaluate impact, and scale up the most successful initiatives

London: Arts Council and HKSAR Cultural Department Dialogue

Competitiveness': The EU and Hong Kong can frame competitiveness around open markets, regulatory predictability, and high standards for trade and investment. Both sides can focus on financial services, capital markets, fintech, and sustainable finance as core competitive strengths. Cooperation on innovation, digital trade, logistics, and global connectivity can strengthen their roles in international value chains. Competitiveness can be anchored in fair competition, skills and talent mobility, and resilient, sustainable supply chains.

Innovation and Technology Pole: Hong Kong has a vibrant innovation and technology ecosystem supported by government funding, science parks, and incubators. Key areas of focus include smart cities, biotech, fintech, AI, and green technologies. Universities and research institutions in Hong Kong collaborate with industry to commercialize research and support startups. The EU could engage Hong Kong through policy dialogues on innovation, AI ethics, and data governance. Joint research projects could connect EU universities with Hong Kong institutions, leveraging Horizon Europe and bilateral agreements. Business partnerships could facilitate market entry for EU startups in Hong Kong and vice versa. Co-investment funds could support high-tech sectors, particularly in climate tech, AI, and healthcare innovation. Talent exchanges, fellowships, and internships would strengthen knowledge sharing and technology transfer.

Pilot Project: A formal EU-Hong Kong Innovation & Technology Dialogue Platform could coordinate projects, summits, and workshops. Such partnerships would provide mutual benefits: the EU gains an Asian gateway, and Hong Kong accesses EU markets, expertise, and sustainable tech knowledge.

Consumer society: The EU and HKSAR share a consumption-driven economy and aim to collaborate on sustainable consumption, consumer protection, and digital market transparency. Dialogue focuses on exchanging best practices, aligning regulations, and promoting circular economy principles. Key stakeholders include government bodies, consumer councils, private sector actors, and research institutions. Expected outcomes are regulatory coordination,

joint initiatives in sustainability and digital markets, and strengthened consumer literacy and cross-border trade facilitation. China welcomes exchanges on consumer protection and consumer legislation and on e-commerce.

Pilot Project: Understanding and Shaping Consumer Society in Hong Kong SAR, the EU, and China.

The project aims to investigate the dynamics, behaviors, and socio-economic impacts of contemporary consumer societies across Hong Kong SAR, selected EU member states, and China, with a focus on sustainability, digital consumption, and cultural influences. It seeks to generate actionable insights for policymakers, businesses, and civil society, while fostering cross-regional dialogue and comparative research.

6. THE ANNUAL REPORT

The EU's Annual Report on Hong Kong is the least interesting aspect of EU-China relations. It reads more like a bureaucratic exercise than a strategic assessment, often reiterating familiar positions without offering actionable insights or policy innovation. While it documents developments in governance, human rights, and the rule of law, it rarely engages with the underlying dynamics shaping Hong Kong's political economy or social cohesion. Its greatest limitation is that it frames Hong Kong primarily through a normative lens, treating developments as abstract compliance issues rather than consequences of structural and institutional shifts. In practice, the report has minimal impact on shaping EU engagement, investor behavior, or the strategic calculus of Beijing, rendering it a peripheral reference rather than a guide for decision-making.¹⁴

It also appears the dialogue with the HKSAR Government has been delegated to the chamber of commerce, who feel powerless since the dialogue comes to naught with the CE, who believe they don't have neither an interest to address the challenges nor the experience while he may be afraid to lose face¹⁵. Delegating dialogue with the HKSAR Government to the Chamber of Commerce, which feels powerless, has significant implications. The Chief Executive's apparent disinterest or inexperience augments artificially the institutional disconnect, eroding trust and legitimacy, something the Chief Executive is acutely aware of but doesn't know what to do about. Relying on the Chamber as intermediary weakens dialogue, as it lacks mandate and political influence to

¹⁴

https://www.eeas.europa.eu/sites/default/files/2025/documents/CELEX_52025JC0019_EN_TXT.pdf

¹⁵ <https://www.eurocham.com.hk/>

address systemic issues. Fear of losing face further constrains problem-solving and transparency. As dialogue produces little, socio-economic and civic challenges remain unresolved, deepening public frustration. This ineffectiveness can slow reform and heighten tensions between government, business, and society. Over time, such delegation risks institutionalizing inefficiency and undermining Hong Kong's resilience. Overall, weak engagement fosters a cycle of stalled policy, mistrust, and strategic vulnerability.

Instead we are presented by a long list of *histoire evenementielle* written by a Eurocrat stationed in Beijing. In boredom, it is only superseded by the Chief Executives annual lackluster policy speech.¹⁶ If the perception takes hold that the Chief Executive is disengaged from addressing critical challenges or lacks the requisite experience to do so effectively, it could significantly undermine confidence in leadership. Cultural or political concerns, such as fear of losing face, may further inhibit the CEO's engagement.

Here it how it works.

Hong Kong's positioning as a 'superconnector' between the EU/USA and China is predicated on a set of interlinked assumptions spanning economic, political, and strategic dimensions. Geopolitically and economically, it is assumed that Hong Kong maintains enough autonomy in financial regulation, legal systems, and trade policy to act as a neutral bridge. This relies on the perception that international investors can trust Hong Kong's institutional stability despite Beijing's influence. Its strategic location and connectivity are also central, with Hong Kong expected to remain a hub for trade, finance, shipping, and logistics, linking China with global markets efficiently. Additionally, Hong Kong is assumed to retain preferential access to mainland China through mechanisms such as the Closer Economic Partnership Arrangement (CEPA), facilitating the flow of foreign capital into China.

Financially and legally, the superconnector role presumes the continued functioning of international-standard legal and financial frameworks, which allow EU and U.S. firms to operate with confidence. Hong Kong's ability to manage multi-currency operations, green bonds, and RMB-linked investments is assumed to remain stable and credible internationally. Furthermore, its courts and arbitration institutions are expected to continue serving as trusted venues for cross-border commercial dispute resolution.

On the societal and human capital side, it is assumed that Hong Kong can provide a multilingual, internationally experienced workforce familiar with European, American, and Chinese

business practices. An open civil society is also presumed, sufficient to facilitate transparent business operations and international partnerships. In terms of technology and innovation, Hong Kong is expected to act as a conduit for technology, research, and best practices between China and Western economies, particularly in areas such as fintech, smart cities, and sustainable finance, while maintaining robust digital infrastructure, cybersecurity, and data governance standards that allow EU/US-Chinese collaboration without undue risk.

Finally, the assumptions include aspects of EU and U.S. engagement. It is presumed that Western investors and policymakers continue to view Hong Kong as a viable, neutral entry point to China, and that Hong Kong's governance structures provide a predictable regulatory environment even amid broader regional or global geopolitical shifts.

A critical caveat is that these assumptions are increasingly contested. Political developments and legal changes may reduce Hong Kong's autonomy, Beijing's growing influence challenges its perception as neutral, and EU/US risk appetite may shift if guarantees around autonomy and the rule of law weaken.

To enhance clarity and policy impact, EU annual reports on Hong Kong would benefit from a restructuring of their sections. Currently, reports are often presented as narrative descriptions of political, legal, and economic developments, with an emphasis on trends and EU positions. A more effective approach would employ a standardized framework, including an executive summary, key developments, challenges identified, EU engagement and actions, outcomes and results, policy options, and recommendations for future engagement. Such organization allows policymakers, civil society actors, and business stakeholders to quickly understand what has occurred, why it is significant, and what actionable steps can follow.

Each section of the report should be framed around a logic of objectives, measurable indicators, and results. For example, in tracking efforts to preserve the rule of law, one could measure the number of independent trials delayed or convictions rendered, while noting how these trends align with EU objectives. Support for civil society can be assessed through the number of engagements with local NGOs, contextualized with any limitations, and economic engagement can be evaluated using EU trade volumes, highlighting both stability and potential strategic

¹⁶ <https://www.youtube.com/watch?v=-cSnUXD6BfQ>

concerns. Framing analytical claims in this evidence-based structure strengthens the rigor and transparency of the report beyond narrative description.

Analytical depth can be further enhanced through the incorporation of comparative data and benchmarks. Rather than relying solely on absolute figures, trends should be contextualized over time, ideally spanning three to five years, to illustrate developments in rights, autonomy, and economic indicators. Comparative perspectives with other jurisdictions, such as Macao or similar governance systems, allow for the assessment of whether observed trends are specific to Hong Kong or reflect broader regional or global patterns. In addition, situating developments in relation to EU priorities or international standards, such as UN human rights indices or the World Justice Project rule of law scores, strengthens the report’s normative relevance. For instance, noting that Hong Kong slid on the Rule of Law Index in 2024 while comparator economies remained stable provides both empirical context and policy significance.

Reports would also gain impact by emphasizing forward-looking, solutions-oriented recommendations. While past reports often concentrate on describing trends and concerns, a more actionable approach includes clearly defined and prioritized policy options. In the area of diplomatic engagement, the report could articulate specific targets and expected outcomes for dialogue with Hong Kong and Beijing, alongside timelines for follow-up on EU statements and engagements. Economic cooperation recommendations should identify sectors where EU engagement could be expanded, such as services or the green economy, and include mechanisms for monitoring the impact of political changes on economic relations. Support for civil society should detail program types, such as legal assistance or digital rights training, and define metrics for assessing program effectiveness. Legal and normative tools should be referenced in alignment with existing instruments, with clear criteria guiding their application.

In addition, integrating diverse stakeholder perspectives enhances both credibility and analytical richness. Reports that synthesize official EU statements alongside narrative

descriptions can be complemented by systematically including Hong Kong government responses, civil society inputs gathered through interviews or structured surveys, and business community perspectives supported by both qualitative statements and economic data. This multidimensional approach reduces the risk of one-sided analysis and provides a more comprehensive understanding of the local environment.

Data visualization and summary tools, including tables, graphs, scorecards, or dashboards, further improve accessibility and policy utility. Indicators such as freedom indices over time, GDP growth compared with political freedom metrics, and EU trade trends can be presented visually to allow policymakers under time constraints to grasp complex information efficiently. Separating fact-based legal and economic analysis from political interpretation also strengthens credibility. Clearly distinguishing between factual reporting—such as laws enacted, economic data, and court cases—and value judgments, while anchoring concerns in EU values, human rights frameworks, and international obligations with appropriate citations, reduces perceptions of bias and enhances transparency.

Finally, reports could benefit from a dedicated section assessing both risks and opportunities. This section should concisely evaluate potential threats, such as further erosion of freedoms, alongside opportunities for cooperation, for instance in financial services or climate action. In combination with an interactive online version of the report, featuring linked data sources, timeline filters, searchable stakeholder statements, and policy responses, such enhancements would significantly increase transparency, accessibility, and strategic value. In summary, EU annual reporting on Hong Kong would be strengthened by a structured analytical framework with objectives, indicators, and results; comparative benchmarks; prioritized and measurable policy recommendations; systematic incorporation of stakeholder perspectives; clear separation of fact and interpretation; effective visual tools; and interactive reporting capabilities for wider accessibility.

Table 2

Objective	Indicator	Outcome	Notes
Preserve rule of law	Number of independent trials delayed/convicted	Erosion trend deepened	Contextualize how this links to EU goals
Support civil society	Number of engagements with NGOs	Maintained contact	Note limitations and constraints
Economic engagement	EU trade volumes	Stable or declining	Frame strategic relevance

This makes analytical claims more evidence-based and rigorous than narrative description alone under time pressure.

Summary

To render EU annual reports on Hong Kong more solutions-oriented, structured, comparative, and analytically robust, several enhancements could be implemented. First, the adoption of a clear analytical structure, based on a framework of objectives, measurable indicators, and results, would allow each section to move beyond narrative description and provide evidence-based assessments. This structure enables readers to understand what the EU aims to achieve, how progress is being measured, and what outcomes have been realized, thereby improving both transparency and policy relevance.

Second, incorporating comparative benchmarks across time and jurisdictions is essential to contextualize developments in Hong Kong. Trend analysis over multiple years can reveal trajectories in political, legal, and economic indicators, while comparisons with other governance systems, such as Macao or select regional peers, help determine whether observed trends are unique or part of broader patterns. Benchmarking against EU priorities and international standards, including human rights indices or rule of law metrics, further situates Hong Kong's developments within normative frameworks, highlighting alignment or divergence with widely accepted standards.

Third, reports should provide explicit, prioritized policy recommendations that include measurable targets. This forward-looking approach transforms the report from a descriptive document into a strategic tool. Recommendations could cover diplomatic engagement, economic and trade cooperation, support for civil society, and the use of legal and normative instruments. Each recommendation should clearly indicate expected outcomes, timelines, and criteria for evaluating effectiveness, enabling policymakers to implement

and monitor action plans efficiently.

Fourth, the systematic integration of stakeholder perspectives enhances the credibility and depth of reporting. Incorporating the views of the Hong Kong government, local civil society organizations, and business communities provides a multidimensional understanding of the local context. This approach ensures that reports reflect a spectrum of interests and challenges, avoiding one-sided narratives while highlighting areas of agreement, tension, or opportunity.

Fifth, separating factual data from value judgments strengthens analytical rigor and credibility. Objective reporting of legal developments, economic data, and other measurable indicators should be clearly distinguished from interpretive commentary or policy recommendations. When expressing concerns, anchoring them explicitly in EU values, human rights frameworks, or international obligations ensures transparency and reduces perceptions of political bias.

Sixth, the deployment of visual tools, such as graphs, tables, scorecards, and dashboards, enhances accessibility and comprehension, particularly for non-specialist audiences and policymakers under time constraints. Visualizations can effectively summarize trends in political freedom, economic performance, and EU engagement, allowing readers to grasp complex data at a glance.

Finally, the development of interactive online reporting tools would significantly increase the report's utility, transparency, and reach. Features such as searchable stakeholder statements, linked data sources, timeline filters, and interactive dashboards enable users to explore information dynamically, tailor analyses to specific needs, and engage with the report as a living document.

Collectively, these improvements would transform EU

annual reports on Hong Kong from descriptive exercises into actionable, comparative, and strategically oriented tools, enhancing both their policy impact and credibility.

7. THE EU-HONG KONG RELATIONSHIP

The economic relationship between the European Union and Hong Kong is generally characterised in official EU documentation as “stable” and “mature,” a formulation that signals both the longevity of the partnership and the relatively low incidence of trade disputes. Hong Kong’s Trade and Industry Department similarly emphasises the structural importance of the EU, noting that European goods accounted for a measurable share of Hong Kong’s total imports in 2024 and that Germany, the Netherlands and France together constitute more than half of Hong Kong’s trade with the EU. These institutional descriptions align with the sectoral patterns observable in the data: high-value goods, advanced technology, premium consumer products and services dominate the exchange, while lower-value or commodity-based flows play a marginal role.

The gradual rise in European wine and food exports to Hong Kong corresponds with the city’s positioning as a cosmopolitan service hub, where consumption patterns are shaped by tourism, hospitality and a high-income resident base. EuroCham Hong Kong, which describes itself as a “Chamber of Chambers” representing sixteen European business associations, repeatedly stresses Hong Kong’s “vibe and quality of life” and its “ease and efficiency” as factors that sustain European commercial presence. These qualitative assessments help explain the resilience of lifestyle-related trade even during periods of broader economic uncertainty.

Automotive exports from the EU to Hong Kong remain structurally higher than flows in the opposite direction, reflecting Europe’s comparative advantage in premium vehicles and components. This is consistent with the fact that Germany alone accounts for roughly one-fifth of Hong Kong’s total trade with the EU. The technology sector shows a more balanced pattern of exchange, with both sides participating in electronics, digital goods and related services. The EU’s own characterisation of the relationship as “mature” is relevant here, as such terminology typically denotes integration into high-value, innovation-driven supply chains rather than dependence on basic manufacturing.

Tourism-related flows exhibit a marked contraction around 2020–2021, corresponding to the pandemic and the severe travel restrictions imposed in both jurisdictions. EuroCham’s business sentiment work suggests that although concerns about regulatory predictability have increased, the underlying attractiveness of Hong Kong as a regional base remains intact,

which supports the expectation of a gradual recovery rather than a permanent structural decline. Sustainable finance, by contrast, shows a consistent upward trajectory. This is one of the few areas where institutional strategies on both sides converge explicitly: the EU promotes global diffusion of its sustainable finance standards, while Hong Kong positions itself as a regional hub for green and transition finance. EuroCham’s establishment of a Sustainable Finance Working Group reflects the growing interest of European firms in using Hong Kong as a platform for ESG-related activities in Asia.

The future trajectory of EU–Hong Kong trade is likely to be shaped by three interrelated dynamics. First, sustainable finance and green capital markets are emerging as a central axis of cooperation. The EU’s regulatory leadership in this domain complements Hong Kong’s ambition to channel green investment into Mainland China and the broader region. Second, digital trade and data-intensive services are becoming increasingly important. Hong Kong retains a strong position in logistics, fintech and digital infrastructure, while European firms bring regulatory expertise and technological capabilities that can be deployed regionally. Third, the integration of Hong Kong into the Guangdong–Hong Kong–Macau Greater Bay Area creates new opportunities for European companies seeking to diversify their China strategies. Hong Kong’s institutional framework, legal system and financial markets allow it to function as a coordination point for advanced manufacturing, electric vehicles, health technologies and other sectors concentrated in southern China.

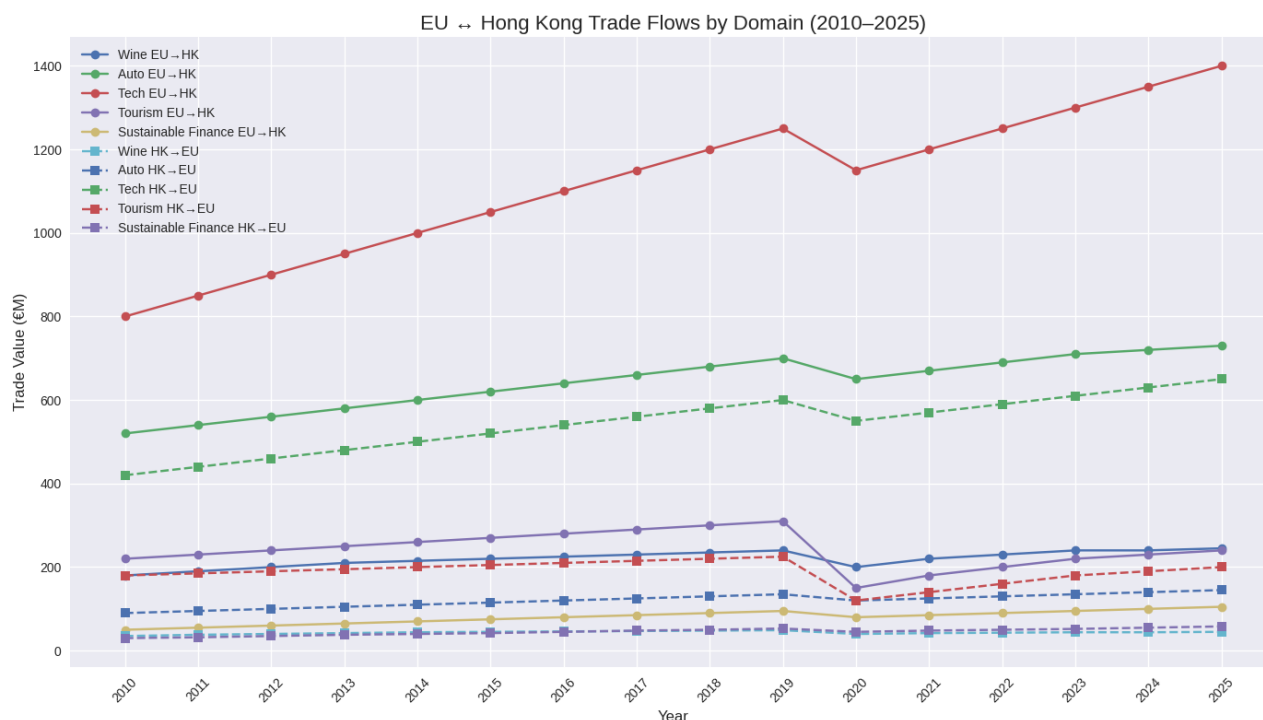
These opportunities coexist with constraints that must be acknowledged. The EU notes that its structured political dialogue with Hong Kong has been suspended since 2019 for “political and practical reasons,” a diplomatic formulation that reflects broader concerns about governance and regulatory transparency. While this has not disrupted trade directly, it introduces uncertainty into long-term investment planning. Moreover, the reorientation of global supply chains, the EU’s deepening engagement with ASEAN and India, and the intensification of US–China strategic competition all exert pressure on Hong Kong’s role as a singular regional hub. The slight decline in total merchandise trade in 2024, reported by Hong Kong authorities, can be interpreted in this context as part of a broader regional rebalancing rather than a bilateral anomaly.

Taken together, the evidence suggests that EU–Hong Kong trade is transitioning from a phase of expansion to one of consolidation, in which the composition of trade—rather

than its aggregate volume—becomes the primary indicator of the relationship's significance. High-value goods, financial services, digital infrastructure and sustainability-related activities are likely to define the next phase of engagement. The institutional language used by both sides, including the

EU's emphasis on stability and Hong Kong's insistence on its continuing international role, indicates that the relationship remains economically meaningful even as its political context becomes more complex.

Table 3



A coherent set of growth targets for EU–Hong Kong economic relations must be anchored in the structural characteristics of the bilateral relationship, the institutional priorities articulated by both sides, and the evolving configuration of regional and global trade. Given that the EU describes its trade with Hong Kong as “stable” and “mature,” and that Hong Kong authorities emphasise the continuing centrality of European goods and services in the city’s economic ecosystem, realistic targets should focus less on dramatic expansion and more on deepening, upgrading and diversifying existing flows. In this context, a medium-term objective of restoring overall merchandise trade to its pre-2020 trajectory—equivalent to an annualised growth rate of approximately two to three per cent—would constitute a credible baseline. This rate reflects neither stagnation nor unrealistic acceleration, but rather the gradual re-normalisation of logistics, consumption and investment patterns following the disruptions of the early 2020s.

Within this aggregate envelope, more ambitious targets can be set for specific domains that align with institutional strategies. Sustainable finance is the most obvious candidate. Given Hong

Kong’s stated ambition to serve as a regional hub for green and transition finance, and the EU’s global leadership in sustainable finance regulation, a target of five to seven per cent annual growth in EU-linked sustainable finance activity routed through Hong Kong would be analytically defensible. EuroCham’s establishment of a Sustainable Finance Working Group suggests that European firms already perceive this as a high-potential domain, and the regulatory complementarity between the two jurisdictions provides a structural basis for expansion.

Digital trade and technology-related services constitute a second area where elevated growth targets are justified. Hong Kong’s strengths in logistics, fintech and data-intensive services, combined with European capabilities in digital infrastructure, cybersecurity and regulatory compliance, create a platform for deeper integration. A target of four to six per cent annual growth in bilateral digital and technology-related trade would reflect both the dynamism of the sector and the constraints imposed by global geopolitical tensions. The EU’s characterisation of the relationship as “mature”

implies that the focus should be on upgrading value chains rather than expanding low-value exchanges, and this target is consistent with that orientation.

Tourism and cultural-economic exchange, which experienced a sharp contraction during the pandemic, can reasonably be expected to recover at a faster rate than goods trade. EuroCham's emphasis on Hong Kong's "vibe and quality of life" and its "ease and efficiency" suggests that European business and leisure travel will continue to rebound. A target of six to eight per cent annual growth in tourism-related flows over the next three to five years would represent a plausible re-acceleration toward pre-pandemic levels, without assuming an unsustainable boom.

In goods sectors where Europe has a clear comparative advantage—such as premium automotive products, high-end consumer goods and specialised machinery—a modest but steady target of two to four per cent annual growth would be appropriate. This reflects both the resilience of demand in Hong Kong's high-income market and the competitive pressures arising from regional diversification, including the increasing prominence of ASEAN economies in European trade strategies. Conversely, in sectors where Hong Kong functions primarily as a re-export or logistics hub, growth targets should be calibrated to broader regional dynamics rather than bilateral factors alone.

Taken together, these targets form a coherent framework: two to three per cent annual growth in total merchandise trade; five to seven per cent in sustainable finance; four to six per cent in digital and technology-related services; six to eight per cent in tourism and cultural-economic exchange; and two to four per cent in high-value goods. They are neither aspirational slogans nor mechanistic projections, but analytically grounded benchmarks that reflect the structural realities of EU-Hong Kong economic relations, the institutional narratives articulated by the European Commission, EuroCham and Hong Kong authorities, and the broader geopolitical environment in which the relationship is embedded.

8. GREATER BAY AREA

Strengthening Governance and EU-Hong Kong Mutualisation in the Greater Bay Area: A Policy-Oriented Analysis

The Greater Bay Area (GBA) of Southern China, encompassing Hong Kong, Macau, and Guangdong, represents one of the most ambitious regional integration projects globally. With a combined population exceeding 70 million, a GDP surpassing

that of many G20 economies, and unique institutional configurations, the GBA is both an economic powerhouse and a complex governance challenge¹⁷. Hong Kong, in particular, brings to the region an internationalized legal system, deep financial markets, and a well-established innovation ecosystem, while Guangdong contributes scale, industrial capacity, and manufacturing excellence. Despite these complementary strengths, governance in the GBA remains fragmented due to divergent legal frameworks, administrative hierarchies, and regulatory practices across the jurisdictions. In this context, there is an opportunity to strengthen governance structures while fostering EU-Hong Kong mutualisation—pooling knowledge, policy expertise, and resources to achieve shared objectives in governance, sustainability, and innovation. This analysis proposes a multi-dimensional framework spanning institutional coordination, regulatory harmonisation, participatory governance, performance monitoring, and strategic partnerships with the EU.

1. Strengthening Governance in the Greater Bay Area

A. Institutional Coordination

A core governance challenge in the GBA stems from its multi-jurisdictional nature. Hong Kong operates under a common law system with high judicial independence, Macau under Portuguese-influenced civil law, and Guangdong under the legal frameworks of mainland China, leading to divergent rules, enforcement mechanisms, and administrative procedures. Effective regional governance therefore requires institutional mechanisms capable of bridging these differences. A formal GBA Coordination Council could serve as the principal body for cross-boundary planning and decision-making, with a clearly defined mandate covering infrastructure development, industrial policy, environmental management, and innovation governance. The council should include representation from all three jurisdictions, as well as specialized committees focusing on finance, technology, urban planning, and sustainability.

Hong Kong's regulatory expertise—particularly in financial markets, dispute resolution, corporate governance, and innovation management—can be leveraged to inform region-wide policy. For example, Hong Kong's experience in capital markets regulation and fintech licensing could be adopted as a model for standard-setting in Guangdong-based financial hubs. Similarly, Hong Kong's sophisticated dispute resolution and

¹⁷ <https://www.bayarea.gov.hk/en/home/index.html>

arbitration frameworks could be embedded into regional contracts and cross-border project governance, enhancing legal certainty and investor confidence.

B. Regulatory Harmonisation

Regulatory fragmentation currently impedes seamless GBA operations. For instance, differences in environmental impact assessment procedures, digital economy regulations, and transportation standards create administrative inefficiencies and raise compliance costs for businesses. Harmonising regulations where feasible would significantly improve operational efficiency. For example, environmental regulations could be aligned across jurisdictions, facilitating cross-boundary infrastructure projects with consistent sustainability standards. Similarly, professional qualifications, fintech licenses, and research and development certifications could be mutually recognised, enabling human capital mobility and collaborative innovation. Such harmonisation does not require full legal convergence but rather the establishment of equivalence mechanisms and mutual recognition agreements.

Figure 4



Source:

<https://www.chinadiscovery.com/assets/images/guangdong-g-hong-kong-macau/hong-kong-guangdong-macau-greater-bay-area.jpg>

C. Transparent and Participatory Decision-Making

Legitimacy in governance is closely linked to transparency and public participation. Strengthening public reporting of cross-boundary initiatives and systematically consulting stakeholders—including NGOs, civil society groups, business

chambers, and academic institutions—would enhance accountability and generate local buy-in. Participatory forums could co-design policies addressing urban development, environmental management, and social innovation, ensuring that regional initiatives reflect both local priorities and global best practices. This approach also supports social cohesion by demonstrating that the GBA's economic integration is inclusive rather than purely top-down.

D. Monitoring and Evaluation

Robust monitoring and evaluation (M&E) mechanisms are essential to track the effectiveness of cross-boundary projects. Performance dashboards could report on transport integration, innovation hub outcomes, green infrastructure implementation, and governance effectiveness. Metrics should align with international standards, including EU-style indicators of efficiency, inclusiveness, and rule of law. For example, public infrastructure projects could be evaluated not only for completion time and cost efficiency but also for environmental compliance, social impact, and adherence to participatory decision-making protocols. Such evidence-based evaluation strengthens accountability and allows for iterative policy adjustments.

II. Mutualisation Between Hong Kong and the European Union

Mutualisation in this context refers to the strategic pooling of resources, knowledge, and initiatives between Hong Kong and the EU to generate collective benefits across governance, sustainability, and innovation. By leveraging complementary strengths, mutualisation can create scalable models for regional development that extend beyond individual city boundaries.

A. Economic and Industrial Cooperation

Joint EU-Hong Kong innovation hubs could serve as focal points for collaboration in emerging sectors such as green technologies, artificial intelligence, fintech, and biotechnology. These hubs would combine EU expertise in regulatory standards, sustainable finance, and research methodologies with Hong Kong's agility in innovation ecosystems, access to Asian markets, and financial infrastructure. Trade and investment facilitation initiatives could further complement these efforts by promoting EU regulatory standards within the GBA, reducing compliance friction and fostering cross-border investments. This alignment would also enhance Hong Kong's position as a bridge between the EU and mainland

China, strengthening both economic ties and knowledge exchange.

B. Policy and Governance Knowledge Exchange

The EU can contribute to governance capacity-building within Hong Kong and the wider GBA by facilitating structured knowledge exchange programs. Workshops on the rule of law, financial transparency, and urban governance would allow local authorities to draw lessons from EU regulatory and administrative experience. For instance, EU approaches to urban planning, environmental regulation, and participatory governance could inform Guangdong municipal authorities, while Hong Kong regulators could test and adapt these practices to local conditions. Capacity-building initiatives should include long-term mentoring, peer-to-peer exchanges, and the development of joint policy toolkits.

C. Joint Research and Data-Sharing Initiatives

Collaborative research represents a crucial mechanism for evidence-based governance and sustainable urban development. EU-Hong Kong partnerships could focus on climate resilience, smart city planning, transport integration, and energy efficiency. Mutualised data infrastructures would allow for the integration of EU modeling tools and analytics platforms with Hong Kong’s urban data capabilities. By pooling datasets on transport flows, environmental indicators, and population mobility, policymakers can design interventions that are both scientifically grounded and regionally coherent. This evidence-based approach ensures that policy decisions are proactive rather than reactive, fostering long-term sustainability.

D. Funding and Co-Financing Mechanisms

Financial collaboration is essential to operationalize joint initiatives. EU-Hong Kong co-funded programs could support

sustainable infrastructure, urban renewal, and social innovation projects. By pooling expertise and capital, initiatives can be scaled to the regional level, maximizing impact beyond individual jurisdictions. Structured co-financing mechanisms would also allow for risk-sharing, incentivizing innovation and encouraging long-term investment in projects aligned with shared sustainability and governance objectives.

III. Strategic Rationale and Policy Implications

Strengthening governance and fostering EU-Hong Kong mutualisation in the GBA is not merely a technical exercise; it carries profound strategic significance. Effective coordination and harmonisation can transform the GBA into a global innovation and financial hub while ensuring social and environmental sustainability. For the EU, engagement in the GBA supports strategic economic and normative objectives: promoting rule of law, standards-based trade, and sustainable development, while enhancing the EU’s profile as a trusted partner in Asia. For Hong Kong, collaboration with the EU provides access to technical expertise, regulatory best practices, and global networks that complement local capabilities, enhancing resilience in the face of evolving economic, legal, and political pressures.

Ultimately, a multi-dimensional, mutualised governance model would enable the GBA to leverage the strengths of each jurisdiction, while fostering innovation, sustainability, and inclusive development. The combination of institutional coordination, regulatory harmonisation, participatory governance, performance monitoring, and strategic EU-Hong Kong partnerships provides a holistic approach to addressing both structural and operational challenges, ensuring that the GBA fulfills its potential as a globally competitive and socially inclusive megaregion.

Table 4

Mechanism	HK Contribution	EU Contribution	Expected Benefit
Knowledge Exchange Platforms	Legal, financial, innovation governance	EU best practices, standards	Improved GBA regulatory coherence
Joint Funding Programs	Project co-financing, local insights	Technical assistance, R&D funds	Economies of scale, enhanced project quality
Data & Metrics Sharing	Urban, economic, social datasets	Analytical models, KPI frameworks	Better monitoring, evidence-based policies
Innovation Hubs	Local startups, research universities	EU tech networks, venture funds	Cross-border innovation, scaling solutions

Augmenting the Greater Bay Area Development Plan

To strengthen the Greater Bay Area development plan, regional integration should be a central focus¹⁸. Accelerating high-speed rail, cross-border metro systems, and smart port infrastructure can significantly improve mobility between Hong Kong, Macau, and the mainland GBA cities. Policy harmonization is equally important; aligning regulatory frameworks for finance, taxation, intellectual property, and labor standards will facilitate cross-border investment and labor mobility. Establishing a dedicated GBA coordination body can ensure effective implementation, dispute resolution, and promotion of intercity projects.

Innovation and technology leadership should be enhanced through the expansion of specialized R&D clusters in Shenzhen, Guangzhou, and Hong Kong, with targeted focus on artificial intelligence, biotechnology, green technology, and fintech. Encouraging cross-border academic partnerships, joint research programs, and talent mobility will strengthen the region's human capital. In parallel, GBA-specific venture funds and tax incentives can accelerate startup growth and SME innovation.

Economic diversification is vital for sustainable growth. Hong Kong can be positioned as a global hub for finance, legal services, and logistics, while Macau focuses on tourism and entertainment innovation. Guangzhou, Foshan, and Dongguan can develop as centers for advanced manufacturing with smart factories and sustainable production. Integrating SMEs into cross-border supply chains allows smaller cities to capture the benefits of high-value industries.

Environmental and sustainability priorities must guide infrastructure and urban planning. Investments in renewable energy, waste management, and low-carbon transport will support a green GBA. Smart city initiatives can alleviate congestion, improve air quality, and enhance livability. Marine and coastal protection should be integrated with port and shipping development to safeguard the Pearl River Delta ecosystem.

Social and cultural integration is also essential. Efforts to promote affordable housing and equitable access to healthcare, education, and social services can ensure inclusive development. Joint cultural programs, festivals, and tourism campaigns can foster a sense of regional identity, while public participation in planning helps reduce resistance and improve policy effectiveness.

Finally, international collaboration can augment the GBA's

strategic position. Adopting global best practices in finance, technology, and environmental management will strengthen competitiveness. Aligning GBA initiatives with Belt and Road projects can enhance trade and logistics opportunities while maintaining openness to international investment. Encouraging foreign direct investment across traditional and emerging sectors will further consolidate the region's economic dynamism.

Summary

Effective engagement in the Greater Bay Area (GBA) requires a structured, multi-level approach. First, governance channels for collaboration between cities should be formalized to ensure continuity, accountability, and strategic alignment. Second, establishing EU–Hong Kong joint advisory committees would enable the exchange and mutualisation of best practices in urban planning, financial regulation, and sustainability, fostering knowledge transfer and policy coherence. Third, shared performance metrics with clear KPIs, aligned with EU standards, would provide transparency and measurable outcomes for GBA projects. Fourth, investing in co-designed innovation programs across key sectors—such as green energy, smart transport, and fintech—would drive sustainable economic growth and technological advancement. Finally, encouraging broad multi-stakeholder engagement, involving business, academia, and civil society, would enhance legitimacy, facilitate cross-border buy-in, and ensure that initiatives are socially and economically resilient.

Hong Kong's position relative to Shenzhen presents both competitive pressures and collaborative opportunities. Shenzhen has grown into a globally recognized hub for innovation, technology, and manufacturing, benefiting from extensive government investment, a young and highly skilled workforce, and a culture of entrepreneurial dynamism. Hong Kong, with its established legal system, international finance sector, and global networks, occupies a complementary position, but it faces challenges in competing directly with Shenzhen in high-tech manufacturing or rapid tech-scaleup environments.

To enhance its competitiveness, Hong Kong could focus on areas where it maintains comparative advantage. The city's financial infrastructure, regulatory transparency, and legal certainty make it an attractive destination for venture capital, international business, and corporate headquarters. By strengthening its role as a bridge between international investors and mainland Chinese

¹⁸ <https://www.bayarea.gov.hk/en/outline/plan.html>

startups, Hong Kong can capture value without attempting to replicate Shenzhen's industrial model. Enhancing support for high-value knowledge sectors such as biotechnology, fintech, green technology, and data analytics would allow Hong Kong to differentiate itself, attracting globally mobile talent and capital. Policy measures could include tax incentives, streamlined company formation procedures, and targeted support for incubators and accelerators that facilitate the commercialization of research and innovation.

Collaboration with Shenzhen is essential to maximize regional competitiveness. Hong Kong can integrate into the Greater Bay Area framework by fostering joint research initiatives, co-investment in technology parks, and cross-border talent exchanges. Strategic partnerships between Hong Kong universities and Shenzhen technology firms could accelerate applied research, creating a pipeline from academic discovery to market-ready solutions. Shared infrastructure initiatives, such as transport connectivity and digital platforms for business collaboration, would reduce friction in cross-border operations and strengthen the region's overall innovation ecosystem.

Internationalization is another dimension where Hong Kong can leverage its strengths. While Shenzhen attracts domestic and regional investment, Hong Kong can continue to serve as a gateway for global finance, professional services, and intellectual property protection. Developing dual hubs for innovation and finance allows the two cities to specialize and complement each other rather than compete head-to-head in every sector. By positioning itself as a platform for global collaboration, Hong Kong can attract multinational firms seeking access to the Chinese market while maintaining strong connections to global markets.

To implement these strategies, Hong Kong would benefit from integrated regional planning, emphasizing specialization, knowledge transfer, and mobility of talent and capital. Policies that support cross-border R&D, flexible regulatory frameworks for emerging technologies, and incentives for startups to operate in both Hong Kong and Shenzhen can reinforce the city's role as both a competitor and collaborator. Embracing a collaborative model with Shenzhen allows Hong Kong to maintain its distinct global positioning while benefiting from proximity to a fast-growing innovation ecosystem. May the energy and determination at the Government buildings blossom.



9. COMPARATIVE EVALUATION

Hong Kong and Selected City-States / Mini-States

Across comparable city-states and micro-polities, governance legitimacy is generated not primarily through electoral competition but through coherence between authority, social norms, and administrative performance. Singapore exemplifies this model: strong executive power is paired with predictable rule-making, disciplined elite circulation, and routinized citizen feedback mechanisms. Authority is domestically anchored and socially legible.

Hong Kong, by contrast, exhibits a growing gap between authority and ownership. While administrative capacity remains high, post-2020 governance relies increasingly on externally guaranteed sovereignty rather than internally reproduced legitimacy. Electoral restructuring and the marginalization of representative institutions have not been compensated by alternative participation channels, producing a form of executive dominance without social embedding.

European microstates such as Monaco and San Marino reveal a different dynamic. Their limited democratic scope is offset by proximity between rulers and ruled, symbolic continuity, and elite transparency. Authority is personalized but socially intelligible. The Vatican City, although non-democratic, is normatively coherent: its theocratic governance is internally consistent and externally understood. Hong Kong's governance, in contrast, suffers from normative ambiguity—legal authority without a compelling civic narrative.

Figure Cantonese Girl with listening heart



Luxembourg stands out for combining technocratic governance with pluralist legitimacy, supported by deep multilateral embedding in the EU. Hong Kong's loss of comparable international anchoring has not been matched by a strengthened domestic compact.

Like Singapore and Luxembourg, Hong Kong remains a highly efficient node in global finance, logistics, and legal services. Its bilingualism, financial depth, and infrastructural quality continue to outperform most city-states. However, successful comparators convert political control into regulatory predictability. Singapore's tight governance reduces uncertainty; Luxembourg's EU anchoring stabilizes expectations.

Hong Kong has moved in the opposite direction. The expansion of security governance has introduced legal and regulatory ambiguity, increasing structural political risk. Unlike Monaco, which compensates economic concentration

with elite access and material inclusion, Hong Kong combines concentration with distance between decision-makers and society.

Comparatively, Hong Kong is the outlier. Singapore channels civic engagement into managed but routinized forms; Luxembourg and San Marino rely on high trust and scale; Monaco secures cohesion through welfare and elite accessibility. In Hong Kong, civic engagement did not evolve—it collapsed. The dismantling of NGOs, depoliticization of professional associations, and hollowing out of district governance eliminated the intermediary layer between state and citizen.

This absence of a “middle layer” distinguishes Hong Kong negatively from all comparators. Governance is left with only two modes: mass mobilization (now suppressed) or administrative command, with little space in between.

Civil liberties regimes among constrained systems vary less by restriction than by predictability. Singapore and Monaco impose limits but define red lines clearly, preserving legal certainty and space for non-political association. Vatican City restricts political rights openly and without liberal pretense.

Hong Kong's current regime is comparatively more corrosive because discretion is broad, enforcement is selective, and boundaries are fluid. From a governance and economic perspective, unpredictability matters more than restriction per se.

Luxembourg and Monaco amplify sovereignty through multilateralism. Singapore balances alignment and autonomy through strategic ambiguity. The Vatican City exercises norm entrepreneurship. Hong Kong, by contrast, has shifted from being an interface between systems to an instrument within China's external strategy, losing its former role as a neutral legal and financial intermediary.

Table 5

Dimension	Hong Kong	Singapore	Luxembourg	MC/San Marino	Vatican
Source of legitimacy	External sovereignty, administrative authority	Performance, predictability	Multilateral embedding, pluralism	Social proximity, continuity	Normative-theological coherence
Governance style	Executive-led, socially detached	Executive-led, socially embedded	Technocratic, participatory	Personalized, transparent	Centralized, doctrinal
Civic engagement	Collapsed, restricted	Managed, routinized	High, institutionalized	High via scale	Non-applicable
Civil liberties	Broad discretion, legal ambiguity	Restricted but predictable	Broad, EU-protected	Limited but clear	Openly restricted
Economic risk profile	Rising political risk	Low, stable	Low, EU-buffered	Low, niche-based	Non-market
International role	Instrumentalized node	Strategic hub	Norm-setting microstate	Prestige microstate	Moral-diplomatic actor

The comparative evidence suggests that Hong Kong's challenge is not the existence of political constraint but the absence of a coherent governance philosophy that translates constraint into legitimacy. Successful city-states demonstrate three transferable lessons.

First, authority must be socially embedded. Where electoral competition is limited, legitimacy is rebuilt through predictable rules, transparent administration, and routine participation in non-ideological policy domains such as urban services, climate adaptation, education, and health.

Second, bounded authority outperforms maximal control. Systems that define clear red lines and limit discretionary enforcement preserve trust and economic confidence even under restrictive conditions.

Third, intermediary institutions are indispensable. Professional associations, sectoral councils, universities, and municipal bodies act as shock absorbers between state and society. Their absence produces either unrest or apathy—both corrosive to governance.

For Hong Kong, this implies a strategic shift from security-centric legitimacy toward competence-based legitimacy, grounded in everyday problem-solving and institutional integrity.

For the EU, the comparative analysis suggests that Hong Kong should no longer be approached primarily through democratization conditionality. The EU's comparative advantage lies in regulatory diplomacy, technical cooperation, and institutional benchmarking. Engagement should focus on legal predictability, professional standards, arbitration,

climate finance, maritime law, and higher education—areas where Hong Kong can still function as a rule-based hub.

For China, the lesson is that long-term stability in Hong Kong depends less on the depth of control than on the quality of governance transmission. Hong Kong's value to China historically derived from its predictability, neutrality, and institutional credibility. Eroding these assets weakens, rather than strengthens, China's external economic interface.

For Hong Kong itself, the strategic opportunity lies in repositioning as a technically indispensable, politically low-visibility connector between China and advanced regulatory systems, particularly the EU. This requires restoring administrative meaning, not reopening ideological conflict.

Across all cases examined, sustainable city-state governance rests on a simple but demanding equation: authority must be intelligible, bounded, and embedded in daily institutional practice. Hong Kong's recovery trajectory depends not on choosing between liberalization and control, but on reconstructing this equation under radically altered conditions.

10. YOU BETTER SHAPE UP

Parag Khanna (2025) argue the intense competition between nations and the proliferation of indexes measuring economic, social, and governance performance. We have specifically drawn attention to the MORI Index, to toughen up due to the fear of Japanese meddling the

business community nurtured when Hong Kong became a special administrative region. This index suggests that Hong Kong needs to strengthen institutional transparency, invest in sustainable urban development, and enhance civic trust to remain competitive on the global stage. The index underscores areas such as regulatory efficiency, quality of life, and resilience against external shocks—domains where Hong Kong faces growing pressure. Yet, in his article, Khanna also points to broader dynamics beyond simple rankings. He emphasizes the strategic importance of connectivity, regional integration, and the ability to adapt to shifting geopolitical and techno-logical landscapes. These factors suggest that policy

responses must combine short-term reforms with long-term vision. Moreover, Khanna notes that cities and regions increasingly compete not only economically but also culturally and digitally, shaping their global influence. Hong Kong's position, therefore, depends as much on soft power and innovation ecosystems as on governance metrics. Integrating these insights could help policymakers balance immediate competitiveness with sustainable growth. Ultimately, Khanna's analysis points to a multidimensional approach in which indexes like MORI are informative but only part of the larger strategic picture.

Global Cities Comparison Using

PTOS Metric	Hong Kong	Singapore	Dubai	London	New York	Cross-Implication Insight
Population size & density	Very dense, small	Dense, small	Medium, expanding	Large, dense	Very large, dense	Density raises governance and housing stress
Land area	Very limited	Limited	Expanding	Limited	Limited	Land scarcity amplifies policy effectiveness
GDP composite	High	High	Medium-High	Very high	Very high	Economic scale cushions governance shocks
Market capitalization	Very high	High	Medium	Very high	Extremely high	Sensitive to legal and regulatory credibility
Currency strength	Strong (USD peg)	Very strong	Pegged	Strong	Global reserve	Rule-of-law underpins currency trust
Inward FDI	High but volatile	Very high, stable	Very high	High	High	Predictability matters more than tax rates
Innovation	Medium-High	High	Medium	Very high	Very high	Talent mobility depends on openness
Industrial capability	Finance/services	Advanced services & tech	Logistics, real estate	Finance, tech, creative	Finance, tech, media	Diversification improves resilience
Energy self-sufficiency	Low	Low	High	Low	Low	Energy security links to climate resilience
Debt / fiscal position	Moderate	Strong	Strong	Weakened	Weakened	Fiscal space supports social stability
Governance	Weakening	Very strong	Centralized, predictable	Strong but strained	Strong but fragmented	Governance has system-wide multiplier
Prosperity	High but uneven	Very high, broad	High, uneven	High, uneven	High, uneven	Inequality feeds political risk
Social progress	Medium	High	Medium	Medium-High	Medium	Social cohesion stabilizes markets
Sustainable development	Medium-Low	High	Medium	Medium-High	Medium	Green policy attracts long-term capital
Food security	Stable via imports	Very strong	Strong	Strong	Strong	Supply diversification = resilience
Climate resilience	Low-Medium	High	Medium	Medium	Medium	Infrastructure planning is decisive
Median income	High, stagnant	High, rising	Medium	High, stagnant	High, polarized	Productivity drives income growth
Fixed capital formation						
Cyclical	Strong	Very strong	Moderate	Strong	Policy certainty drives investment	

Hong Kong's economic fundamentals remain comparable to London and Singapore, but its governance trajectory now diverges. Singapore combines predictability with institutional trust, Dubai offers centralized but clear rules, while London and New York absorb political noise through scale and legal depth. Hong Kong lacks both scale and governance insulation, making credibility shocks costlier.

Governance quality is the decisive variable. Improvements propagate positively into market capitalization, FDI stability, innovation retention, and climate investment. Deterioration does the opposite and does so faster than in larger cities.

Summary

Across the comparison, the leading cities share three common qualities. Singapore excels in institutional predictability and policy execution. London and New York compensate for political friction through deep legal systems, market scale, and talent ecosystems. Dubai offsets limited liberal institutions with clarity, speed, and investor certainty.

Hong Kong remains comparable in economic strength but diverges on governance credibility, social cohesion, and long-term policy predictability. Unlike New York or London, Hong Kong lacks scale to absorb governance shocks. Unlike Dubai, it does not offer fast, centralized clarity. Unlike Singapore, it no longer anchors expectations in institutional trust. Matching peer performance therefore requires restoring predictability rather than expanding scale or liberalizing politics.

Hong Kong must re-establish a clear boundary between political authority and legal, judicial, and regulatory institutions. Judicial appointments and rulings must remain transparently insulated from political signaling. Financial and competition regulators must operate under explicit, rule-based mandates aligned with international standards. Policy changes affecting markets or civil society should follow formal consultation and impact assessment processes to restore expectation stability.

Major economic and social policies should be announced with defined timelines, transition periods, and grandfathering provisions. Regulatory frameworks for finance, technology, and data should be codified rather than discretionary, mirroring Singapore's approach to regulatory certainty and Dubai's clarity of execution. This reform directly lowers risk premiums and stabilizes capital formation.

Housing supply constraints must be addressed through transparent land release, zoning reform, and accelerated public housing construction. Cost-of-living pressures are the primary driver of social stagnation and talent outflow.

Without improving housing affordability and upward mobility, governance reforms alone will not translate into social stability or long-term competitiveness.

Applied research, universities, and professional sectors require explicit protection of intellectual autonomy and global collaboration. Visa certainty, predictable residency rules, and enforceable intellectual property rights are essential to compete with London, New York, and Singapore for mobile talent. Innovation policy must be separated from political signaling to prevent erosion of the city's productivity base.

Hong Kong must invest in coastal protection, flood control, and heat mitigation infrastructure comparable to Singapore's long-term climate planning. Green building codes, climate-risk disclosure, and regional clean-energy integration are necessary not only for resilience but to position Hong Kong as a competitive green-finance hub.

Reducing over-dependence on a single capital source requires deepening financial, legal, and logistical ties with ASEAN, the Middle East, and Europe. This diversification mirrors London's global network advantage and Singapore's multi-axis diplomacy, strengthening resilience against geopolitical or policy shocks.

To match its peers, Hong Kong does not need to replicate their political systems or economic scale. It must instead restore governance credibility, policy predictability, and social sustainability. These reforms have the highest cross-metric impact, improving capital markets, innovation retention, climate resilience, and long-term stability simultaneously.

CONCLUSIONS

The imposition of the National Security Law (NSL) fundamentally altered Hong Kong's legal order by criminalizing broad categories of dissent and enabling pre-emptive enforcement. This was reinforced by the restructuring of electoral rules, the curtailment of judicial autonomy in national security cases, pressure on independent media and civil society, and a climate of self-censorship driven by legal uncertainty and selective enforcement.

Hong Kong's executive-led governance model, weak horizontal accountability, and limited electoral representation have long constrained civic participation. Post-2020 reforms further narrowed institutional channels for dissent, eroding trust in public institutions as

citizens increasingly perceive governance as unresponsive, opaque, and externally directed rather than socially embedded.

Digital platforms played a decisive role in the 2019 protests by enabling decentralized coordination, rapid information diffusion, and leaderless mobilization. Since then, enhanced digital surveillance, data policing, and platform regulation have shifted technology from an enabler of civic action to a tool of deterrence, reshaping protest tactics and discouraging collective action.

The EU and U.S. can support governance and social justice through coordinated diplomatic signaling, protection mechanisms for academic and civic exchanges, targeted legal and media support, and sustained monitoring tied to trade, investment, and visa regimes. The EU's comparative advantage lies in regulatory diplomacy, rule-of-law expertise, and multilateral engagement rather than overt confrontation.

Realistically, participatory governance must now operate within constrained spaces. Viable strategies include issue-based micro-participation (urban services, environment, heritage), digital civic consultation tools insulated from partisan framing, strengthened professional and sectoral associations, and international city-to-city or university-to-university cooperation. Over time, rebuilding trust depends less on mass mobilization than on re-embedding governance in everyday social problem-solving and institutional integrity.

The EU-Hong Kong relationship has reached a critical juncture, characterised by misperceptions, partial implementation of initiatives, and a limited appreciation of the operational constraints faced by Hong Kong's leadership. Chief Executive John Lees operates within a tightly constrained political environment, balancing local demands, Beijing's strategic priorities, and the city's international obligations. EU actions that overlook these constraints risk undermining Hong Kong's agency, inadvertently positioning the city as a passive conduit for Beijing's objectives rather than an active partner in governance and economic cooperation. This misalignment highlights the importance of a more nuanced, context-sensitive approach that accounts for local realities and the structural limitations of Hong Kong's governance system.

By framing Hong Kong primarily through the lens of country-wide human rights concerns, the EU has unintentionally limited the scope for constructive engagement. Beijing faces minimal incentives to adjust its stance, as ongoing tensions in Hong Kong align with its strategic interests, including consolidating control over the region and signaling authority to external actors. For the EU, this dynamic pose both a

challenge and an opportunity. The challenge lies in reconciling normative commitments with pragmatic engagement, while the opportunity resides in fostering partnerships that strengthen Hong Kong's local governance capacity, resilience, and regional integration. Strategic recalibration requires moving from a predominantly externalized critique to collaborative frameworks that empower Hong Kong within its constrained space.

A central pathway to overcoming the current stalemate lies in mutualisation—pooling resources, expertise, and initiatives to achieve shared objectives. The EU can contribute technical knowledge, regulatory expertise, and funding mechanisms that support innovation, sustainable infrastructure, and urban governance in Hong Kong and the wider Greater Bay Area. By prioritizing trust-building and cooperative projects rather than purely normative critiques, the EU can enhance its influence while simultaneously supporting Hong Kong's capacity to navigate complex political pressures. This approach requires a careful balancing act: interventions must be structured to respect Hong Kong's operational constraints, avoid exacerbating tensions with Beijing, and emphasize tangible benefits for both sides.

Moving forward, a recalibrated EU strategy should focus on solutions-oriented engagement, combining long-term capacity-building with strategic influence. Recommended actions include developing joint governance and innovation initiatives, fostering multi-stakeholder platforms involving civil society and the private sector, and introducing measurable metrics to monitor progress and outcomes. Furthermore, policy dialogue should integrate comparative analyses with other jurisdictions and global best practices, ensuring that EU engagement is both contextually grounded and internationally informed. By embedding these principles into its approach, the EU can strengthen Hong Kong's resilience, promote constructive regional cooperation, and advance its own strategic and normative objectives in Asia.

Since calm has returned to Hong Kong, and most of what we have presented really is about tools and techniques and intellectual structure, we have reason to believe China would have little reason to complain about the planned phases of mutualisation purview. In practice, it is the responsibility of the Chief Secretary Chang Kwok-ki to discuss with Chief Executive Lee how to strengthen governance and which model he would feel safe about.

Ultimately, sustainable EU-Hong Kong relations depend on the EU's ability to navigate the delicate interplay between

normative objectives and local operational realities. Recognizing Hong Kong's limited room for maneuver, addressing mutual misperceptions, and emphasizing joint problem-solving are essential for moving beyond reactive engagement. Strategic imperatives include fostering transparency, enhancing participatory governance, and establishing mechanisms for continuous dialogue and collaborative project implementation. By adopting this multi-dimensional approach, the EU can transform its relationship with Hong Kong from one constrained by political tension into a forward-looking partnership that supports regional stability, economic development, and shared global standards.

Further Research: We recommend for further research

- to investigate the specific effects of the National Security Law on civil liberties, freedom of expression, and political participation in Hong Kong. This research could include qualitative interviews with affected individuals and organizations.
- to Conduct a comparative study of governance models in Hong Kong and other city-states, such as Singapore and Luxembourg, focusing on how these models address civic engagement, public trust, and social justice.
- to Explore how technology and social media have influenced civic mobilization and protest strategies in Hong Kong. This could involve analyzing the use of digital platforms for organizing protests and disseminating information.
- to Examine the effectiveness of the EU's policies and initiatives aimed at promoting human rights and democratic governance in Hong Kong. This research could assess the impact of EU diplomatic efforts and funding on local civil society organizations.
- to Analyze the potential for enhanced economic cooperation between the EU and Hong Kong, focusing on sectors such as green technology, fintech, and education. This research could identify barriers and opportunities for collaboration.
- to Investigate public perceptions of the EU's role in Hong Kong, including how citizens view EU policies and initiatives. This could involve surveys or focus groups to gather insights on local attitudes toward EU involvement.
- to Study the role of youth in Hong Kong's social movements and their perspectives on governance and civic engagement. This research could explore how young people are shaping the future of activism in the region.
- to conduct a longitudinal study to track changes in civic engagement and public trust in institutions over time, particularly in response to significant political events and policy changes.
- to explore how Hong Kong can develop resilience strategies to address socio-political crises, drawing lessons from other regions. This research could focus on governance frameworks, community engagement, and international collaboration.

By pursuing these research recommendations, scholars and policymakers can gain deeper insights into the complexities of Hong Kong's socio-political landscape and the evolving relationship between Hong Kong and the EU. This knowledge can inform strategies for promoting democratic governance, social justice, and economic resilience in the region.

Counter-arguments

Strengthening governance in HKSAR may be perceived as an infringement on China's sovereignty and the principle of "one country, two systems." Critics argue that external influence, including from the EU, could undermine China's territorial integrity and lead to increased tensions.

Enhancing governance structures and EU presence may provoke backlash from pro-Beijing factions and the central government, leading to heightened political tensions and social unrest in Hong Kong. This could destabilize the region further rather than promote harmony.

The presence of EU representatives on the ground may be viewed as foreign interference in domestic affairs, which could alienate segments of the population that prioritize national unity and stability over external engagement.

Critics may argue that focusing on strengthening governance and increasing EU presence could divert resources and attention from pressing local issues, such as economic recovery and public health, which require immediate action.

The unique cultural and historical context of Hong Kong may not align with Western governance models. Imposing external governance frameworks could lead to resistance and a lack of local ownership in the decision-making process.

Establish a framework that respects Hong Kong's autonomy while allowing for constructive dialogue with the EU. This can be achieved by recognizing the unique governance structure of HKSAR and ensuring that any collaboration is based on mutual consent.

Involve a diverse range of stakeholders from Hong Kong, including civil society, business leaders, and local government representatives, in discussions with the EU. This inclusive approach can help ensure that the interests and concerns of all parties are considered.

Identify and prioritize shared goals between HKSAR and the EU, such as economic development, environmental sustainability, and social cohesion. Collaborative projects that align with these goals can foster goodwill and mutual benefit.

Promote cultural sensitivity in EU engagement strategies, ensuring that initiatives are tailored to the local context and respect Hong Kong's unique identity. This can help build trust and reduce perceptions of interference.

Develop economic cooperation initiatives that are mutually beneficial, ensuring that both HKSAR and the EU gain from trade, investment, and knowledge exchange. This can help create a sense of partnership rather than dependency.

Establish regular dialogue channels between HKSAR and the EU to facilitate ongoing communication and feedback. This can help address concerns, adapt strategies, and ensure that both parties remain aligned in their objectives.

Implement monitoring and evaluation mechanisms to assess the impact of governance strengthening and EU presence on the ground. This can help identify areas for improvement and ensure that initiatives remain equitable and reciprocal.

By addressing these counterarguments and implementing strategies for equitable engagement, HKSAR and the EU can work towards a balanced and harmonious relationship that respects local autonomy while promoting shared interests and collaboration.

Scenarios

Hong Kong's governance could evolve along three broad trajectories. In the first scenario, which we can term Competence-Embedded Governance, the HKSAR prioritizes administrative competence, predictable enforcement of laws, and functional civic participation. Civic engagement focuses on non-political domains such as urban planning, climate resilience, education, and heritage management, with professional associations and sectoral councils serving as intermediaries between citizens and the state. Security measures remain in place but are applied in a predictable and transparent manner. This trajectory would likely improve public trust, stabilize social cohesion, and restore confidence among local businesses and international partners. For the EU, this scenario creates opportunities to support technical

cooperation, academic and sectoral exchanges, and policy knowledge sharing in areas such as governance, urban development, and climate adaptation.

The second scenario, Instrumentalized Control, envisions a governance model dominated by security imperatives without compensatory participatory mechanisms. Broad discretionary enforcement persists, civic institutions remain hollowed, and the "middle layer" of professional and social institutions is further weakened. In this scenario, social apathy intensifies, underground activism may grow, and brain drain could accelerate. International confidence declines, investment risks increase, and diplomatic tensions with the EU, US, and other partners are heightened. Engagement options for external actors are limited to targeted technical or humanitarian cooperation, with overt pressure risking political escalation.

The third scenario, Hybrid International Integration or Rule-Based Hub, combines administrative competence with strategic international engagement. Hong Kong positions itself as a technically reliable hub connecting China with the EU, US, and multilateral regulatory networks. Legal and security frameworks are predictable and transparent, while civic participation is routed through non-political but policy-relevant mechanisms. This scenario would likely strengthen domestic legitimacy, stabilize social cohesion, and restore selective civic trust, while also enhancing Hong Kong's international recognition as a reliable economic and regulatory interface. The EU could engage deeply in regulatory, technical, and educational cooperation, support arbitration, green finance, and maritime law initiatives, and promote city-to-city and university partnerships that reinforce rule-of-law standards.

Comparative experience from Singapore, Luxembourg, Monaco, and other microstates highlights several lessons. First, authority must be intelligible, bounded, and socially embedded; predictability in administration and law is more stabilizing than maximal control. Second, legitimacy is generated through competence in delivering tangible public goods rather than through ideological or electoral claims. Third, intermediate institutions such as universities, professional chambers, and sector councils act as essential buffers between state and society, enabling participation and trust without threatening political control. Hong Kong's recovery depends on adopting these principles, shifting from security-first legitimacy to a model grounded in competence, problem-solving, and institutional integrity.

The EU's comparative advantage lies in regulatory diplomacy, technical cooperation, and institutional benchmarking rather than political conditionality. Engagement should focus on areas such as arbitration, climate finance, green technology, maritime law, and higher education, where Hong Kong can function as a rule-based hub. For China, the strategic lesson is that long-term stability in Hong Kong is enhanced when governance emphasizes competence and predictability rather than coercion. For Hong Kong, the opportunity lies in repositioning as a technically indispensable connector between China and international regulatory systems, restoring internal legitimacy and international relevance without engaging in politically sensitive disputes.

Policy recommendations

Hong Kong must institutionalize predictable, competence-based governance. Legal and administrative procedures, particularly under the National Security Law, should be codified and clarified to reduce discretionary enforcement. Government operations should be transparent, with routine reporting on urban planning, infrastructure, environmental policy, and public services to rebuild civic trust.

Functional civic participation should be enabled through professional associations, sectoral councils, universities, and community advisory bodies. These instruments allow citizens to engage in policy problem-solving in non-political domains, restoring the intermediary "middle layer" between society and the state.

Hong Kong should enhance social cohesion by implementing participatory programs in education, heritage management, environmental adaptation, and health services. Structured digital consultation platforms can provide safe, issue-focused avenues for citizen input while mitigating political risk.

Policy instruments should leverage Hong Kong's position as a technical and regulatory hub. Partnerships with EU and global institutions should focus on arbitration, green finance, maritime law, climate adaptation, and higher education. Engagement should emphasize technical cooperation and standards alignment rather than political conditionality.

All policy frameworks must emphasize clear boundaries and operational certainty. Security measures, regulatory enforcement, and administrative decision-making should be predictable and bounded, reducing social uncertainty and reinforcing economic resilience.

Hong Kong must adopt a dual-track approach that strengthens domestic law enforcement against organized crime while positioning the city as a globally credible hub for financial

regulation and issuance. Triad networks continue to pose significant risks to social stability, financial integrity, and international trust, particularly in sectors such as real estate, finance, and cross-border trade. Inaction risks undermining both domestic governance and Hong Kong's international legitimacy.

To address these threats, Hong Kong authorities should implement a comprehensive crackdown on organized crime that integrates intelligence-led policing, financial disruption, and judicial reinforcement. Specialized units within the police and anti-money laundering agencies should monitor Triad activities, financial flows, and connections with corporate and real estate networks, coordinating closely with mainland and international law enforcement. Financial targeting should be rigorous, ensuring that assets linked to criminal networks are frozen, corporate registrations of suspect entities are restricted, and all suspicious transactions are carefully monitored through banks and capital markets. The city must close gaps in beneficial ownership transparency to prevent criminal exploitation, while the courts and prosecutors must be empowered to handle complex organized crime cases, with protections for witnesses and victims to encourage reporting and participation. Complementing enforcement, social and civic programs in high-risk districts should be deployed to reduce Triad recruitment and re-establish local trust in law enforcement.

Simultaneously, Hong Kong should strengthen its position as a global hub for corporate issuance, green bonds, and regulated investment by ensuring that all issuance processes comply fully with anti-corruption and anti-organized crime standards. This approach will attract global capital while maintaining legal certainty and investor confidence. By integrating anti-money laundering compliance with market innovation, Hong Kong can position itself as a leader in rule-based, responsible issuance, including ESG-linked and digital finance products. Strategic cooperation with the EU, the US, and multilateral bodies can further strengthen regulatory standards, transparency, and cross-border enforcement, enhancing Hong Kong's credibility in global financial networks.

This dual-track approach yields multiple strategic benefits. Domestically, it restores public confidence, strengthens the social contract, and diminishes the influence of criminal networks on governance and daily life. Internationally, it reinforces Hong Kong's reputation as a credible, law-abiding financial center capable of issuing and regulating sophisticated financial instruments,

thereby supporting EU–HKSAR engagement and broader multilateral trust. For China, the approach simultaneously stabilizes society and preserves Hong Kong’s economic value as a strategic financial interface, balancing security and international credibility.

Hong Kong would be well served, under a structured national dialogue, to adopt a formal decision to establish a sovereign wealth fund as an instrument of long-term economic statecraft and city diplomacy. Such a fund would not merely function as a financial vehicle, but as an outward-facing institutional anchor aligning Hong Kong’s financial depth with a coherent diplomatic and strategic narrative. In a context of intensifying geoeconomic competition and shifting global capital flows, a sovereign wealth fund could translate the city’s accumulated reserves, regulatory sophistication, and investment expertise into a durable platform for international engagement.

First, a Hong Kong sovereign wealth fund could underpin a city diplomatic strategy by projecting stability, continuity, and long-term commitment to global markets. Unlike short-term portfolio management by existing public bodies, a sovereign wealth fund signals strategic patience and an ability to act counter-cyclically, thereby reinforcing Hong Kong’s reputation as a trusted financial interlocutor between East and West. Through minority equity stakes, co-investment platforms, and long-horizon infrastructure financing, the fund could embed Hong Kong in strategic sectors across Asia, Europe, and the Global South, reinforcing economic relationships where formal diplomacy may be constrained.

Second, such a fund could serve as an institutional bridge between national priorities and Hong Kong’s distinctive international role. By investing in green infrastructure, digital connectivity, logistics, healthcare innovation, and urban resilience, the fund could align with global public goods while remaining commercially disciplined. This would allow Hong Kong to position itself as a convening node for sustainable finance and development-oriented capital, complementing its role in offshore renminbi markets and international capital intermediation. The diplomatic value lies not in political messaging, but in the accumulation of trust through shared assets, co-ownership, and long-term partnerships.

Third, a sovereign wealth fund could strengthen Hong Kong’s soft power by institutionalising its engagement with multilateral development banks, regional investment funds, and peer sovereign investors. Participation in co-investment frameworks with European, Middle Eastern, and Asian sovereign funds would embed Hong Kong within a dense network of financial diplomacy, where norms of transparency, governance, and risk management are negotiated through practice rather than proclamation. Over time, this would

enhance Hong Kong’s influence in setting standards for sustainable finance, fintech regulation, and cross-border investment governance.

Finally, the launch of a sovereign wealth fund would have internal strategic value by anchoring a long-term policy consensus within Hong Kong itself. A nationally endorsed yet operationally autonomous fund, governed by clear mandates and international best practice, could help depoliticise reserve management and reframe public debate around intergenerational equity, resilience, and strategic autonomy. In this sense, the fund would operate simultaneously as a financial institution, a diplomatic instrument, and a symbol of Hong Kong’s continued relevance as a global city operating within a complex sovereign framework.

Taken together, the establishment of a sovereign wealth fund would allow Hong Kong to convert financial capacity into strategic presence, embedding the city more deeply into global economic governance while reinforcing its distinctive diplomatic profile through capital, partnerships, and long-term engagement rather than formal political representation.

A continuous monitoring framework should assess the effectiveness of governance, participation, and international engagement policies. Key indicators include citizen trust, institutional responsiveness, economic confidence, and international recognition. These feedback loops support adaptive policy design and ensure ongoing legitimacy.

Did you say John Lee?

Inventory of potential Initiatives and Projects financed by Euro-denominated bonds:

I can draft a conceptual list of 100 EU–China–Hong Kong projects that could be financed via Euro-denominated green bonds out of the Hong Kong Stock Exchange. These projects would span multiple sectors: energy transition, urban development, transport, innovation, finance, education, and climate adaptation. I’ll organize them by sector for clarity.

1. Renewable Energy and Decarbonization (20 projects)

1. Offshore wind farm in Guangdong with EU technology transfer
2. Solar PV rooftop program in Hong Kong residential districts

3. Smart grid modernization in Shenzhen–Hong Kong corridor
4. EU–HK–China hydrogen production and distribution pilot (Bay & Guilin ferries)
5. Offshore wind–hydrogen hybrid energy project in the Pearl River Delta
6. Waste-to-energy plant in GBA urban centers
7. EU-supported biomass energy conversion project in Guangdong
8. Carbon capture and storage pilot at HK industrial zones
9. EU–HK–China joint electric vehicle charging network
10. Floating solar farms in Hong Kong reservoirs
11. High-efficiency solar panel manufacturing plant in HK
12. EU-certified microgrid deployment in Shenzhen industrial parks
13. Offshore wind maintenance and training center in Guangdong
14. HK–EU smart battery recycling hub
15. Green maritime propulsion system for Pearl River Delta ports
16. Integrated solar-wind hybrid system for Hong Kong schools
17. EU–HK–China sustainable district heating project
18. Carbon-neutral data center in Hong Kong
19. EU-backed electric ferry program for Hong Kong waterways
20. Shenzhen–HK renewable energy R&D incubator

2. Urban Planning and Sustainable Cities (15 projects)

1. Northern Metropolis urban planning model integrating EU best practices
2. Smart city digital twin project in Hong Kong
3. Cross-boundary sustainable transport corridor (Shenzhen–HK)
4. Eco-district redevelopment in Kowloon
5. EU–HK green building retrofit program
6. Vertical farming initiative in urban centers
7. Hong Kong climate-resilient flood infrastructure
8. EU-supported bike-sharing and micromobility integration
9. Green public housing pilot integrating solar and energy efficiency
10. Cross-boundary pedestrian-friendly zone planning
11. Sustainable water management systems in GBA cities
12. Waste segregation and circular economy pilot in Hong Kong
13. EU–HK–China low-carbon commercial district
14. Smart street lighting with IoT sensors in HK
15. Green rooftop and urban park network in Shenzhen

3. Transportation and Mobility (15 projects)

1. High-speed rail energy optimization HK–Guangdong
2. Electric bus fleet modernization in Hong Kong
3. EU-certified smart logistics hub in Shenzhen
4. Zero-emission freight corridor in GBA
5. Automated port operations pilot in HK
6. EU–HK–China cross-border EV charging interoperability
7. Low-emission water transport between HK and Macao
8. Smart traffic management system in Shenzhen–HK
9. EU-backed e-bike sharing network in HK
10. Green airport operations program in HKIA
11. Hydrogen-powered public transport pilot (aviation)
12. HK–Shenzhen green freight rail link
13. EU–HK–China autonomous vehicle testing corridor
14. Sustainable urban rail refurbishment project
15. Integrated mobility platform linking EU, HK, and Chinese standards

4. Innovation, Technology, and Startups (15 projects)

1. EU–HK–China fintech regulatory sandbox
2. Smart manufacturing pilot in Shenzhen industrial park
3. Green AI research incubator in HK universities
4. EU-backed biotech cluster in Guangdong
5. Clean energy materials R&D lab
6. EU–HK–China sustainable urban planning innovation hub
7. Robotics and automation green tech accelerator
8. Joint EU–HK–China climate innovation challenge
9. Smart water management IoT pilot
10. EU-certified blockchain traceability project for supply chains
11. HK-based EU start-up accelerator for green innovation
12. EU–HK–China collaborative lab for carbon-neutral construction materials
13. Circular economy innovation cluster
14. Data-driven air quality monitoring and mitigation program
15. EU–HK–China 5G-enabled smart city pilot

5. Finance, Green Bonds, and Sustainable Investment (10 projects)

1. Euro-denominated green bond issuance platform in HK
2. EU–HK–China climate finance advisory hub
3. Sustainable investment fund for GBA SMEs

4. EU-backed green mortgage initiative for low-carbon housing
5. ESG compliance certification platform
6. Cross-border green bond marketplace
7. EU-HK sustainable insurance products pilot
8. Green pension fund investment in renewable projects
9. EU-HK-China carbon credit exchange pilot
10. Joint climate risk assessment platform for investors

6. Education and Capacity-Building (10 projects)

1. EU-HK-China urban planning school exchange program
2. Joint sustainable finance training for GBA professionals
3. Climate adaptation and resilience education curriculum in HK schools
4. EU-HK vocational training for green construction
5. Scholarships for EU students studying GBA sustainability
6. Knowledge transfer program for renewable energy engineers
7. EU-HK-China start-up incubation and mentorship program
8. Sustainable urban mobility certificate programs
9. Professional exchange in environmental law and governance
10. EU-HK-China hackathon series on green innovation

7. Healthcare and Social Infrastructure (10 projects)

1. EU-certified smart hospital energy retrofit in Hong Kong
2. Joint public health emergency response center
3. Sustainable water and sanitation upgrade in GBA hospitals
4. EU-HK-China telemedicine pilot for regional coverage
5. Smart elderly care community initiative
6. Green medical waste management system
7. EU-backed air quality improvement in healthcare districts
8. Joint pandemic preparedness simulation lab
9. Sustainable hospital construction in Hong Kong
10. EU-HK-China medical innovation incubator

8. Environmental Conservation and Climate Resilience (15 projects)

1. Pearl River Delta mangrove restoration program
2. EU-HK-China coastal erosion mitigation project
3. Cross-boundary air pollution reduction initiative
4. Climate-resilient urban drainage system
5. GBA biodiversity corridor connecting Hong Kong, Shenzhen, and Guangzhou



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I used Chat GPT and SHARLY AI to research, edit and analyse sources. ChatGPT works by processing large language models trained on diverse textual data to generate human-like responses, summarize information, and synthesize insights from multiple sources. In this study, it was used for drafting, editing, and analyzing textual material, helping to structure arguments and extract relevant information from a broad set of inputs.

Sharly AI, by contrast, functions as a research and analytical tool designed to retrieve, organize, and cross-reference digitally stored sources. It was used to systematically analyze documents, identify patterns, and provide context-specific insights, complementing ChatGPT's generative capabilities with structured, data-driven evaluation. Together, these tools enabled a rigorous, AI-assisted approach to research, combining generative synthesis with analytical precision.

AI analysis is a digital method that retrieves digitally stored information converting information into knowledge on human prompts creating a personal context often in a non-sequential and cumulative manner.

After completing the Manus, I proofread the manuscript. I take full responsibility for its content and mistakes.

Statement on AI