

Political Risk Alert (25 July 2019)

China: Hong Kong protesters cannot rely on foreign support

Event: The protest movement sparked by a bill to allow extradition of fugitives to mainland China is continuing, with another 200,000 people taking to the streets on July 21.

Significance: Although Beijing is blaming 'foreign forces' for stirring up the unrest, any alteration to Hong Kong's legal status would be disruptive for Western firms and so Western governments will want to avoid any moves that may encourage China to make changes to its current degree of independence from the mainland. Other government will look to London to take a lead given its long association with Hong Kong, but the new Johnson government will have little ability or desire to pressure Beijing on the issue.

Analysis: The United States, the United Kingdom and the EU have all expressed concerns that the proposed extradition ordinance would put their citizens at risk, and warned that its passage might lead Beijing to re-evaluate policies that currently treat Hong Kong as separate from the rest of China for certain purposes.

The mass protests against the extradition bill have intensified some of this criticism. Japanese Prime Minister Shinzo Abe raised the protests with President Xi Jinping at their meeting on the sidelines of the G20 in June, despite a firm statement from China that the topic would not be discussed, and London reacted to a police crackdown on June 12 by barring the export of tear gas to Hong Kong.

The European Parliament on July 18 passed a non-binding resolution condemning "constant and increasing interference by China in Hong Kong's internal affairs" and calling for the formal withdrawal of the extradition bill, as well as an independent inquiry into police conduct and new export controls to deny Hong Kong "access to technologies that violate basic rights."

So far, however, only the United States has proposed legislative changes, although these have not been enacted. The Hong Kong Human Rights and Democracy Act would place sanctions on Hong Kong and Chinese officials thought to be culpable in threatening the city's autonomy, while a proposed amendment to the US-Hong Kong Policy Act would mandate closer scrutiny of whether Chinese entities are using Hong Kong to evade US sanctions and export controls.

Beijing often accuses other governments of interfering in its internal affairs when they comment on Hong Kong's constitutional status, so foreign attention can sometimes harden lines and limit the potential for de-escalation. Even so, members of Hong Kong's democracy movement have sought foreign condemnation of recent developments. Anson Chan, a former chief secretary turned democracy activist, and pro-democracy media tycoon Jimmy Lai have both travelled to Washington to meet with Vice President Mike Pence. Protesters have also launched

crowdfunding campaigns to raise money for advertisements in international newspapers.

However, accusations of covert foreign assistance for the protests, which have featured in pro-government and pro-China media and commentary, are unproven. The Civil Human Rights Front, the main body that organised the mass protest marches, does receive funding from the US National Endowment for Democracy, but there is no evidence of direct foreign intervention.

The accusations are instead likely a symptom of a hardening political divide in Hong Kong, fuelled in part by tensions around the US-China trade war. Hong Kong's status as an international media hub also ensured that protests would be covered by major outlets, leading to sustained global coverage relative to protests in less media-dense cities.

It has been noticeable that foreign support has become shakier as some protesters adopt more extreme tactics. After the storming of the Legislative Council on July 1, the EU scaled back its public support of the protest movement. The United States is also limiting its public support in order to ensure the smooth continuation of trade talks with Beijing.

The situation may change if foreign governments decide that Hong Kong, due to a perceived erosion in its autonomy, no longer deserves to be treated as a separate jurisdiction from mainland China for customs, trade and immigration purposes. If this special status is revoked, it would dramatically undermine Hong Kong's ability to operate the way it has, and therefore its usefulness to China.

This drastic option is starting to be considered as a remote possibility in the United States, in part because of media reports suggesting that Beijing may be considering the mobilisation of mainland forces stationed in Hong Kong. For now, however, even governments that stand to gain from instability in Hong Kong are in an awkward position.

Singapore is often positioned as Hong Kong's closest competitor, yet its government has reportedly asked businesses to avoid using the unrest in Hong Kong as a means to attract new international clients. No reason was given, though a wish to avoid displeasing China and an unwillingness to highlight a successful protest movement are both plausible motives.

In London, the complex relationship over Hong Kong leaves the incoming Johnson government with a difficult balance between supporting democracy and maintaining access to Chinese investment as it pursues Brexit. One option it may consider is to try and engineer an international response, as after the poisonings in Salisbury last year when London coordinated a rapid, multilateral response together with allied governments. However, it is questionable whether a UK government new in office and fully preoccupied with Brexit would be able to achieve something like this.

Most foreign governments are unlikely to rank Hong Kong highly when balanced against their broader relationship with China. Even if they sympathise with the protesters' goals, they will downplay that if it prevents working with China on geopolitical, economic or trade matters. Few

countries even have a clearly articulated policy towards Hong Kong.

Foreign governments generally only engage with Hong Kong in times of crisis, such as the mass protests in 2004, 2014 and now. Their attention is rarely sustained once the crisis passes, which means that the Hong Kong government has little experience in working with foreign governments. Moreover, foreign criticism has had no obvious effect on the Hong Kong government. The city's existing institutions, strong civil society, well-organised activists and politically engaged population will do far more to maintain the city's autonomy.

Looking ahead: Hong Kong's situation may take a more prominent role in policy discussions about China in foreign capitals, but foreign governments are unlikely to take the drastic step of re-evaluating Hong Kong's status under international law. It will continue to be local political dynamics, not the actions of foreign governments, that drive events in Hong Kong.

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