

## Chapter 3

# Hong Kong as Asia's World City





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(script written by the Bauhinia Foundation Research Centre)

The successful implementation of the Basic Law in Hong Kong is best seen in the sustained economic vitality and resilience of the city 15 years after reunification. Despite cyclical ups and downs, the economy remains as dynamic and vibrant as ever. As a strategic gateway to China and in a time zone that bridges Asia and Europe, Hong Kong has long been a preferred hub for business activities and foreign investments. Its enduring advantages have much to do with its world-class infrastructure, efficient and skilled workforce, entrepreneurship, business-friendly environment, low and simple tax regime as well as free movement of people, goods, information and capital.

The Basic Law guarantees that the capitalist system will remain unchanged in Hong Kong for at least 50 years after reunification. This has provided a firm basis for the operation of a free market economy and a constitutional framework for Hong Kong to leverage on its fundamental strengths and advantages to successfully develop into an international business city and Asia's world city.

## Guaranteeing market economy

Article 5 guarantees that the market economy will be maintained in Hong Kong, while Article 6 provides that “the Hong Kong Special Administrative Region (HKSAR) shall protect the right of private ownership of property in accordance with law”. Together they underpin the fundamentals of Hong Kong as a capitalist society.

Free and lawful competition and acquisitions are protected by Article 105, which provides that “the HKSAR shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property and their right to compensation for lawful deprivation of their property”. Under this legal framework, the Hong Kong Government is responsible for providing a free and stable environment to facilitate economic activities.

Article 105 also provides that “the ownership of enterprises and the investments from outside the Region shall be protected by law”. This clear objective of protecting foreign investments in Hong Kong is of utmost