

Hong Kong 2011



Total: 76.17

Quick facts

Population:	7.12 million
Population growth:	0.49 %
Unemployment rate:	4.3 %
GDP:	325.8 billion \$
GDP growth rate:	6.8 %
GDP per capita:	45900 \$

Political Freedom

Free and Fair Elections : 3.57

The freedom to peacefully change the government is limited by the Basic Law, which is the basis of Hong Kong's legal framework. The Basic Law provides for the election of the head of government (the Chief Executive), and the Legislative Council. However, the Chief Executive is not elected directly by the population, but by the Election Committee, an electoral college of 800 Hong Kong residents from different constituency groups. Of the 60-seat Legislative Council, only half are elected directly. The other 30 members are elected by functional constituencies, which represent key economic and social sectors. The 2008 elections to the Legislative Council were regarded as free and fair in terms of the procedure - nevertheless, elections in Hong Kong cannot generally be regarded as meaningful elections, due to the semi-democratic structure of the legislative.

Absence of Unconstitutional Veto Players : 5

Assessing the presence (or absence) of veto players in Hong Kong politics is somewhat tricky. In theory, veto players not vested with a constitutional mandate are virtually absent. Powerful economic and social actors find their interests efficiently represented through their presence in both the Election Committee and the Legislative Council.

Regardless, mainland China certainly qualifies as a major veto player in Hong Kong politics. The People's Republic has repeatedly asserted that, ultimately, Hong Kong politics are decided in Beijing, and clout has been used to thwart political developments deemed unfavourable.

Freedom of Press : 6.8

The freedom of the press is efficiently protected by Hong Kong laws. Reporters Without Borders ranks Hong Kong as position 34 out of 178 countries, making it the second most free country in Asia, after Japan. Concerns that media in Hong Kong would lose their independence after 1997 did not come true. Sensitive issues - such as, democracy or human rights in China - are openly discussed, be it in newspapers or on television.

Rule of Law

Independence of the Judiciary : 8.58

Along with the continuation of English common law, the independence of the judiciary is enshrined in Hong Kong's constitutional document, the Basic Law. By and large, the courts in Hong Kong are free from improper influence, be it either from other branches of government, or private interests.

However, the possibility of Chinese influence on court decisions has raised fears. During a conference on the Hong Kong Basic Law in Beijing in 2007, the chairman of the Chinese National People's Congress allegedly warned it would not be appropriate for Hong Kong to copy the Western democratic notion of separation of powers, and urged the Chief Executive should play a more dominant role in Hong Kong's government.

Corruption : 8.4

Hong Kong is regarded as one of the least corrupt places in the world. In the vanguard of anti-corruption measures is the Independent Commission Against Corruption (ICAC), whose activities focus on three areas: investigation, prevention, and education. The ICAC can receive complaints and has broad authorities to investigate. For example, it can examine bank accounts and business documents, and ask suspects to disclose their assets.

Despite all those efforts, business interests do still have substantial influence on the Legislative Council. Also, there have been some violations of the Code on Access to Information requiring the government to release information to the public. In some cases, reasonable requests for information were rejected, which resulted in a growing number of complaints. Nonetheless, corruption is perceived as very low in Hong Kong. In their 2010 Corruption Perceptions Index, Transparency International ranked Hong Kong as position 13 out of 178 countries.

Protection of Human Rights : 7.84

Generally speaking, citizens of Hong Kong enjoy a high level of civil and political liberties. The protection of human rights is enshrined in Hong Kong's constitutional document, the Basic Law, as well as in the Bill of Rights Ordinance, which brings into effect the United Nations Covenant on Civil and Political Rights. Legislation that contradicts the provisions set in the Basic Law can be declared unconstitutional by the courts.

However, there are some concerns: The freedom of assembly can be restricted, and in some cases the police - who have extensive powers - were accused of using unnecessary force when shutting down political protests. Furthermore, as mentioned above, the freedom to change the government is constrained by the Basic Law, which does not provide for meaningful direct elections.

Economic Freedom

Security of Property Rights : 8.36

Private property and the freedom of exchange are generally well protected by Hong Kong's Basic Law. All land is controlled by the government which, through public auctions, issues renewable leases until 2047.

However, the enforcement of intellectual property protection is rather deficient. Pirated media and other counterfeit products are readily available and sold, more or less openly.

Size of Government: Expenditures, Taxes, and Enterprises : 9.35

Government spending, (which includes consumption and transfer payments), is low, equalling 18.6 percent of the GDP. Government policies aim at maintaining a balanced budget.

Hong Kong's tax rates are low. The income tax rate is set at between 2 and 17 percent, (adjusted by deductions and allowances), or at a flat 15 percent of the gross income - whichever is lower. The top corporate tax rate is 16.5 percent. Overall tax revenue is about 13 percent of the GDP.

Regulation of Credit, Labour, and Business : 8.9

Hong Kong's regulations and laws provide for a transparent financial sector, which not only withstood the challenges of past financial crises, but also cemented Hong Kong's status as a leading international financial hub. Banks are under the supervision of the Hong Kong Monetary Authority; regulations apply equally to domestic and foreign banks. Credit is given at market terms.

The freedom to start, run, and close a business is subject to efficient regulations. It takes not more than six days and three procedures to start a business, and obtaining a license can be done in 67

days and seven procedures.

Labour regulations are flexible. The non-salary cost of an employee is low, dismissal procedures are uncomplicated.

Freedom to Trade Internationally : 9.37

International trade is subject to only few obstacles, such as pharmaceutical, food and energy labelling regulations. Hong Kong's weighted average tariff rate is 0 percent.