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Business Environment

Robert Lawrence Kuhn

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HOST: So, what's the new [Hong Kong] corporate landscape generally likely to look like? Robert Lawrence Kuhn is adviser to the Chinese government and several of the country's big businesses.

ROBERT LAWRENCE KUHN: Clearly, from a business point of view, the greatest liability is uncertainty. And Hong Kong over the last year has had a great deal of uncertainty because of all the protests. So anything that brings stability — from a business point of view — is going to be very helpful. Now, people that I talked to, many individuals, executives, who will be very concerned on a personal basis in terms of the diminished freedoms or eroding of the “two systems” part of the “one country, two systems” principle, but from a business point of view, they will quietly appreciate the fact that stability will be returning.

KUHN: Certainly from China's point of view, the measures are extremely strong, but they are much more desirable than, you know, tanks in the street.

HOST: You talk about the need companies have for certainty. And of course, it's an old cliché that companies want to have clarity. One of the problems through this law is actually the uncertainty of what it is protecting people — from this threat to national security. What does that mean?

KUHN: No, I think from a practical point of view, it's quite certain that it means whatever China wants it to mean. But what it will do is it will create a self-censorship. We already see that in some of the commentary that has been made — the self-censorship among the Hong Kong people. So, I mean, from a business point of view — and that's the way, that's how we're framing our question — we're not doing this from a humanistic or a political freedom point of view — we're doing from a business point of view — there is a certainty there — that people will go out of their way not to run afoul of the interpretations of what secession or what colluding with foreigners may mean, and they will self-censor — and that will create a kind of stability.

HOST: So how could we actually. Well, how can we believe some of the things which should coming out of Hong Kong from now on — in terms of analysis, in terms of their commentaries on what's going on in Hong Kong or in China?

KUHN: Look, I think it's a very valid point. First of all, from China's leadership point of view, they will want to make do everything possible, given the national security law, to protect Hong Kong and to have Hong Kong be the center of what they call the Greater Bay Area Guangdong-Hong Kong-Macao integrated economic zone. And make that a world

class entity. I mean, that's their motivation here. The motivation of Chinese leaders is not to suppress Hong Kong and make it go out of existence as a financial hub.

KUHN: But that said, there is uncertainty that people have to build into it now, as to how do you interpret what it means to "undermine the Chinese system"? It has always been a red line for Hong Kong to be used as so-called base to undermine the Chinese political system, particularly the leadership of the Communist Party. But this law makes it explicitly clear that that will no longer be allowed.

HOST: So do you think this is really the beginning of the end of Hong Kong as a major financial center and the way that it has been for the last 50, 70, years, I suppose, since the war?

KUHN: That has already been occurring for different reasons. And the reason has been the rise of Shanghai, Shenzhen and the economic system on the mainland, which has progressed enormously. So, Hong Kong needs to find its role, then, in the new order that has been developing, much of which Hong Kong helped catalyze over several decades. And so Hong Kong deserves all that credit, but the future will be different from the past. And Hong Kong has to position itself, whether through technology or financial engineering or creativity or different kinds of things, where it can integrate into the Greater Bay Area.

KUHN: That was already occurring. And this new law came about because of the uncertainty of last year in Hong Kong. And it adds to the picture and maybe accelerates or maybe focuses people's attention on the changes in Hong Kong. But that was occurring anyway. And anyway, Hong Kong needs to find its new place in the new order, which it can well have.