

PRC Embassies in Disguise: Hong Kong Economic and Trade Offices are Another Overseas Arm of the CCP



Executive Summary

Hong Kong Economic and Trade Offices (HKETO) are the Hong Kong Special Administrative Region (SAR)'s representative offices in Mainland China, and overseas. They were established before the 1997 handover, initially converted from Hong Kong Government Offices that were established by the United Kingdom. Since then, many more have been established.

Each HKETO is independently established, with its own conditions in relation to the host country. Some have privileges and immunities and a legal personality equal to embassies and consulates, whereas others do not and operate as cultural and business centres.

The aims of the HKETOs are broadly, to manage Hong Kong SAR's image and promote economic and cultural exchange overseas. They are carried out through events, campaigns, and bilateral engagements. HKETOs have been most successful in realising bilateral investment treaties between Hong Kong SAR and host countries.¹

The Hong Kong SAR is increasingly under the direct political control of Beijing and is only recognised as independent in its customs control and economy.² This remaining economic autonomy is also increasingly jeopardised as the three branches of the Hong Kong SAR government are now politically under the direct control of Beijing.

Therefore, HKETOs as Hong Kong SAR government agencies are under the indirect control of Beijing. They can be seen as additional People's Republic of China (PRC) embassies, managing Hong Kong SAR's image and promoting exchanges in a way that follows Beijing's own narratives. They are able to do so in a different way from Beijing and its embassies, given their independent name and connotations.

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¹ See, for example, *Bilateral Relations between Hong Kong and GCC, HKETO (Dubai)*, https://www.hketodubai.gov.hk/en/bilateral_relations/index.html

² See, for example, *U.S. Relations With Hong Kong*, US Department of State, 28 August 2020, <https://www.state.gov/u-s-relations-with-hong-kong/>

Hong Kong Watch Recommends:

In light of the expected upcoming local legislation of Basic Law Article 23 on national security in Hong Kong SAR, Hong Kong Watch (HKW) calls on host countries to terminate HKETOs privileges and immunities where these exist, and cease from approving their new offices opening.

If HKETOs continue their activities, these need to be clearly labelled as Beijing's agencies and any cooperations with them recognised as de facto cooperation with Beijing.

Background

There are 14 Hong Kong Economic and Trade Offices (HKETO) outside of the PRC and Hong Kong SAR. They are in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto, and Washington DC.³ Other HKETOs are located in Mainland China.

The Hong Kong SAR government funds HKETOs, which have a total budget of HK\$594.5million (US\$75.73 million) for 2021-2022. The stated aims are to represent and promote trading and commercial interests outside Hong Kong SAR and, and "promote Hong Kong as a reliable trading partner and a premier location for doing business."⁴As of March 2021, overseas HKETOs have a total of 153 staff.⁵

The HKETOs originated from the Hong Kong Government Offices that British Hong Kong used for representation abroad. With the 1997 handover approaching, they gradually transitioned to HKETOs, starting in 1982. Their responsibilities included reviewing commercial and economic developments, controlling and coordinating activities abroad, and "disseminating information about Hong Kong and establishing personal contacts with individuals and organisations with a view to improving Hong Kong's image."⁶Many of these responsibilities are carried on today, albeit with a new agenda that is directed by Beijing.

This report covers the mandate of HKETOs, their diplomatic privileges and immunities, how they are linked to the CCP, and recommendations for the international community in general and the European Union in particular.

Mandate

HKETOs' proclaimed functions are sharing information about Hong Kong SAR, and promoting business and bilateral relations between host countries/regions and Hong Kong SAR. They primarily organise business and cultural events, and publicity campaigns. They seek to manage Hong Kong SAR's public image abroad.

As Hong Kong SAR is more controlled by Beijing, HKETOs have been promoting Hong Kong SAR as a part of the PRC and follow a Beijing agenda in their activities. For example, HKETOs now use cultural events to promote Beijing's agenda, such as through film festivals that focus on the PRC narrative, in partnership with US museums.⁷

In 2021, the Washington HKETO spent almost HK\$84 million (US\$10.8 million) lobbying against the Hong Kong Human Rights and Democracy Act.⁸ The Toronto HKETO also expressed its opposition to the Act.⁹ The Act was ultimately passed anyway. Since 2021, HKETOs have also published statements in support of the National Security Law (NSL) and hosted events promoting the attractive business environment that Hong Kong SAR is, especially in the STEM sectors.¹⁰

3 *Offices Outside Hong Kong, Hong Kong Government, April 2022, <https://www.gov.hk/en/about/govdirectory/oohk.htm>*

4 *Head 96 — Government Secretariat: Overseas Economic and Trade Offices*

5 *Head 96 — Government Secretariat: Overseas Economic and Trade Offices, <https://www.budget.gov.hk/2021/eng/pdf/head096.pdf>*

6 *Hong Kong Legislative Council Official Report of Proceedings, 11 November 1982, https://www.legco.gov.hk/yr82-83/english/lc_sitg/hansard/h821111.pdf*

7 *Smithsonian's Hong Kong ties rile pro-democracy activists, Politico, 21 July 2022, <https://www.politico.com/news/2022/07/21/smithsonians-official-hong-kong-ties-rile-pro-democracy-activists-00046873>*

8 *Exclusive: Inside the Hong Kong gov't's multi-million dollar US lobbying operation, Hong Kong Free Press, 19 April 2021,*

<https://hongkongfp.com/2021/04/19/inside-hong-kong-govts-multi-million-dollar-lobbying-operation-on-capitol-hill/>

9 *Hong Kong e-News Bulletin, HKETO (Toronto), 15 January 2020, <https://www.hketotoronto.gov.hk/assets/pdf/2020/20200115.pdf>*

10 *Hong Kong e-News Bulletin, HKETO (Toronto), 23 February 2022, <https://www.hketotoronto.gov.hk/assets/pdf/2022/20220223.pdf>*

The Data

HKETO	Diplomatic Status
Bangkok	Not regarded either as an Embassy or a Consulate and not granted either diplomatic or consular status. ²⁰
Berlin	Possesses full legal personality, inviolable premises, archives, and documents. Officers enjoy full immunity (except in civil proceedings) and tax exemptions. ²¹
Brussels	Inviolability of premises, official correspondence, archives and documents as well as the exemption of premises and representatives from taxation. ²² Serves as representative to the European Union. ²³
Dubai	No privileges or immunities. ²⁴
Geneva	No privileges or immunities. Serves as representative to the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development. ²⁵
Jakarta	No privileges or immunities.
London	Premises and archives have the same inviolability as consular premises and archives. The premises and the residence of the head of the Office have the same exemptions as consular premises and the residence of the career head of a consular post. Officers have immunity from suit and legal process (except civil proceedings). Specific tax exemptions. ²⁶ Serves as representative to the International Maritime Organization. ²⁷
New York	Same privileges and immunities as public international organizations: inviolable property and archives, officers have immunity and tax exemptions. ^{28, 29}



²⁰ Embassy of the People's Republic of China in the Kingdom of Thailand No. TCE/PU 446, https://www.senate.go.th/document/mSubject/Ext84/84069_0001.PDF

²¹ Ordinance on the Grant of Privileges and Immunities to the Economic and Trade Office of the Hong Kong Special Administrative Region of the People's Republic of China in Berlin of 24 February 2009, <https://www.hketoberlin.gov.hk/download/BLETO-Ordinance.pdf>

²² LCQ14: Privileges and immunities granted to Hong Kong ETOs, <https://www.info.gov.hk/gia/general/201011/24/P201011240194.htm>

²³ The Hong Kong Economic and Trade Office in Brussels, https://www.hongkong-eu.org/pg.php?id_menu=74

²⁴ No signed agreement, see Bilateral Relationship, <https://www.mofaic.gov.ae/en/Missions/Hong-Kong/UAE-Relationships/Bilateral-Relationship>

²⁵ About Us, <https://www.hketogeneva.gov.hk/en/home/index.html>

²⁶ Hong Kong Economic and Trade Office Act 1996, <https://www.legislation.gov.uk/ukpga/1996/63/section/2>

²⁷ Our Responsibilities, Hong Kong Economic and Trade Office (London), <https://www.hketolondon.gov.hk/responsibilities.php>

²⁸ PUBLIC LAW 105-22—JUNE 27, 1997, <https://www.govinfo.gov/content/pkg/PLAW-105publ22/pdf/PLAW-105publ22.pdf>

²⁹ 22 USC CHAPTER 7, SUBCHAPTER XVIII: PRIVILEGES AND IMMUNITIES OF INTERNATIONAL ORGANIZATIONS, <https://uscode.house.gov/view.xhtml?path=/prelim@title22/chapter7/subchapter18&edition=prelim>

The Data

HKETO	Diplomatic Status
San Francisco	Same privileges and immunities as public international organizations: ³⁰ inviolable property and archives, officers have immunity and tax exemptions. ³¹
Singapore	No privileges or immunities.
Sydney	It is a "designated overseas mission" with limited privileges and immunities that are similar to consular missions. The official premises, property, documents and archives are inviolable and official premises are exempt from taxation. ³²
Tokyo	No privileges or immunities. ³³
Toronto	Same privileges and immunities accorded to consular posts, including for officers. ³⁴
Washington DC	Same privileges and immunities as public international organizations: ³⁵ inviolable property and archives, officers have immunity and tax exemptions.

HKETOS with diplomatic privileges and immunities

Berlin: The office and officers have diplomatic privileges, including tax exemptions, restricted access to archives and documents, and the offices cannot be entered or searched.

Brussels: The office has diplomatic privileges, including tax exemptions, restricted access to archives and documents, and the offices cannot be entered or searched.

London: The office and archives have the same diplomatic privileges as consulates and tax exemptions. The premises and official residence have the same privileges as consulates and official residence. Officers have immunity.

New York, San Francisco, Washington DC: Same privileges and immunities as public international organization, which includes that the offices and archives cannot be entered, and officers have immunity and tax exemptions.

Sydney: It is a "designated overseas mission" with privileges and immunities that are similar to consular missions. The official premises, property, documents and archives cannot be entered or searched and official premises are exempt from taxation.

Toronto: The office and officers have the same diplomatic privileges as consulates.



³⁰ PUBLIC LAW 105-22—JUNE 27, 1997

³¹ 22 USC CHAPTER 7, SUBCHAPTER XVIII: PRIVILEGES AND IMMUNITIES OF INTERNATIONAL ORGANIZATIONS

³² Hong Kong Economic and Trade Office (Privileges and Immunities) Regulations 1996 No. 334

<https://www.legislation.gov.au/Details/F1997B01641/Explanatory%20Statement/Text>

³³ No signed agreement, see Agreement between Japan and Hong Kong, https://www.mofa.go.jp/a_o/c_m2/hk/data.html

³⁴ Hong Kong Economic and Trade Office Privileges and Immunities Order, <https://laws-lois.justice.gc.ca/eng/regulations/SOR-96-207/page-1.html>

³⁵ PUBLIC LAW 105-22—JUNE 27, 1997

³⁶ 22 USC CHAPTER 7, SUBCHAPTER XVIII: PRIVILEGES AND IMMUNITIES OF INTERNATIONAL ORGANIZATIONS

HKETOs and the CCP

Since HKETOs have a different name than PRC embassies, they can target different groups and promote their agenda in subtler and softer ways. Nevertheless, HKETOs are managed by Hong Kong SAR and therefore, under Beijing, and thus the CCP's control. Engagement with HKETOs should be seen as indirect engagement with the CCP, and groups who work with them should be made fully aware of this before making a decision as to whether or not, and how, to continue such engagement..

HKETOs are gently pushing the CCP's interests as they have a less explicit name, and frequently engage in cultural rather than explicitly political events. This is similar to Confucius Institutes, who have for many years been promoting the CCP's narratives of Chinese history, cultures, and values, under the guise of Chinese language and cultural institutions.

HKETOs' agendas, statements and events explicitly promote the CCP's narrative. For example, in 2019, they published statements objecting to the protests in Hong Kong SAR.³⁷ This echoed Hong Kong SAR's official position on the events, which was directed by the CCP in Beijing. Similarly, HKETOs have been behind a worldwide campaign surrounding the 25th anniversary of the Hong Kong Handover.³⁸ Many of these promotional adverts have been removed after complaints made by Hongkongers abroad who pointed out that these were CCP propaganda.³⁹

For example, in their July 2022 newsletter, the London HKETO published an article promoting President Xi Jinping's visit to Hong Kong SAR on the 25th anniversary of the Handover. This was followed by a very positive article on the new Chief Executive John Lee,⁴⁰ who was directly nominated by Beijing and the only candidate in the election. This publication is typical of HKETOs around the world who regularly promote Beijing's version of news in Hong Kong SAR, effectively producing propaganda for and whitewashing the CCP.

HKETOs have also been part of a push to censor news about Hong Kong SAR and the PRC in international media. Since 2021, the HKETOs around the world have been directly writing to newspapers for publishing "untrue" stories about Hong Kong SAR. They have sent nearly 100 threatening letters to various media outlets.⁴¹ The letters that they send promote the Hong Kong SAR government's official narrative of Hong Kong SAR's recent political events,⁴² and is similar in tone and content to many of Beijing's engagements.

Furthermore, the Hong Kong SAR government, in support of the CCP and Chinese technology companies, have been pushing for explicit censorship, as well as engaging in legal harassment. In one instance, for example, the Hong Kong SAR government even asked a "website-hosting company to shutter a prodemocracy website and warned that refusal could result in fines or prison time for employees under the territory's National Security Law."⁴³ UK journalists have also been hacked by and publishers received threatening phone calls from Hong Kong SAR officials when critical covering was produced.⁴⁴

HKETOs also use the topic of Hong Kong independence to respond to other issues in a way that is misleading. For example, in Spain, Hong Kong independence is mentioned in response to Catalonia's independence movement and protests, even though the two situations are vastly different. Up to 12% of all engagement with Chinese diplomatic accounts in Spain were potentially inauthentic. This means that the CCP and its arms (including HKETOs) can use local topics to mislead the public's opinion about Hong Kong SAR, and vice versa. This misinformation campaign may not promote a specific view, but by confusing the facts and narratives, they are able to weaken strong opposition.⁴⁵



³⁷ See, for example, *Press Releases Archives, HKETO (Tokyo), July 2019*, <https://www.hketotyo.gov.hk/korea/en/news/releases/archives2019/jul/>

³⁸ The Hong Kong Economic and Trade Office in Brussels, HKETO (Brussels), undated <https://www.hongkong-eu.org/25th-anniversary/>

³⁹ Hongkonger in Deutschland e.V., Twitter, August 2022, https://twitter.com/HongkongerV/status/1556249851498823682?cxt=HHwWhIC8xdO_9lgrAAAA

⁴⁰ HK Review, HKETO (London), July 2022, https://www.hketolondon.gov.hk/news/docs/HKReview_July2022.pdf

⁴¹ 港府年內過百次去信外媒 多反駁國安法或選舉制度指控 最常用字眼「誤解、失實、誤導」, Citizen News, 6 December 2021, <https://www.hkcnews.com/article/48647/%E5%A4%96%E5%9C%8B%E5%AA%92%E9%AB%94-%E9%87%91%E8%9E%8D%E6%99%82%E5%A0%B1-%E6%96%87%E5%AE%A3%E9%AC%A5%E7%88%AD-48667/%E5%A4%96%E5%9C%8B%E5%AA%92%E9%AB%94>

⁴² Letter, 8 December 2021, <https://www.brandhk.gov.hk/docs/default-source/clarifications/2021/2021-12-08-Letter-to-The-Sunday-Times.pdf>

⁴³ Beijing's Global Media Influence, Freedom House, September 2022, https://freedomhouse.org/sites/default/files/2022-09/BGMI_final_digital_090722.pdf

⁴⁴ *ibid.*

⁴⁵ *ibid.*

Furthermore, Hong Kong SAR is also a key location for the United Front, a CCP arm that is “a network of party and state agencies responsible for influencing groups outside the party, particularly those claiming to represent civil society.”⁴⁶ Thus the CCP can influence Hong Kong SAR on-the-ground through the United Front work, which is then translated into CCP-friendly initiatives from HKETOs.

Since 2021, the major cities’ United Front Work Department, such as Wuhan’s, has been organising “Youth Exchanges” between the young people of Hong Kong SAR and the Mainland.⁴⁷ Although these opportunities focus on cultural exchange and education, they are a means for the CCP to introduce young Hongkongers to their ideologies and gradually change the attitudes in Hong Kong SAR. These influences are reflected among the people and the Hong Kong SAR government. As the Hong Kong SAR government, and therefore the HKETOs it controls, are increasingly under Beijing’s control, they tow the official CCP line in their statements, actions, and activities.

Finally, the Macau SAR also has a separate representation abroad, the Macao Economic and Trade Offices (METOs). It has an office in Brussels, which represents itself to the EU,⁴⁸ and an office in Geneva, which represents itself to the World Trade Organization.⁴⁹ Although far less active or numerous than HKETOs, METOs serve as another *de facto* representative of the CCP abroad, promoting and supporting the official Beijing views abroad. These offices should be reviewed in a similar way to HKETOs.



46 The party speaks for you, ASPI, 9 June 2020, <https://www.aspi.org.au/report/party-speaks-you>
47 汉港澳青年交流驿站暨国情教育基地挂牌成立! , 27 November 2021, <https://web.archive.org/web/20220430070459/http://whtzb.org/home/info/25519.html>
48 Macao Economic and Trade Office to the EU, in Brussels, About the Office, https://www.macao-eu.be/about_office/about?l=en
49 Macao Economic and Trade Office to the World Trade Organization, <http://www.macaoeto.ch/>

Recommendation Four: *Special Treatment of Hong Kong SAR should be reviewed.*

- In 2020, the US suspended three bilateral agreements with Hong Kong SAR, concerning the surrender of fugitive offenders, the transfer of sentenced persons, and reciprocal tax exemptions on income derived from the international operation of ships.
- This was because Hong Kong SAR's high degree of autonomy under the Sino-British Joint Declaration had been so severely eroded, effectively ending "one country, two systems"⁵⁵. Hong Kong SAR is therefore in permanent breach of the treaty.

The US and all other countries should review all agreements and engagements with Hong Kong SAR, since it is no longer sufficiently autonomous.

European Union Recommendations

Recommendation One: *Review the status, privileges, and immunities of HKETOs in each Member State.*

- Review the treaties that established HKETOs in national parliaments, particularly whether the conditions of Hong Kong SAR have changed since the establishment of each HKETO.
- The terms of the establishing treaty may be violated if Hong Kong SAR no longer has the same degree of autonomy.
- Review the HKETO treaties in national courts.

HKETOs can also be used by EU Member States and the European Parliament to negotiate with the government of Hong Kong SAR, and thus Beijing. The existence and functioning of HKETOs should depend on the degree of autonomy Hong Kong SAR has from Beijing:

- For example, if Beijing passes additional domestic security laws under Article 23 of the Basic Law, Beijing will be exercising more direct control over Hong Kong SAR. In doing so, there will be an even smaller separation between Hong Kong SAR and Beijing, which may warrant the closure of HKETOs.

Recommendation Two: *EU lawmakers should propose that maintaining the status of HKETOs depends on Beijing not exercising more control over Hong Kong SAR.*

- This will not result in the closure of consulates in Hong Kong SAR as retaliation. Already, consulates in Hong Kong SAR are limited in their work due to the NSL.
- Additionally, as Hong Kong SAR has less autonomy, HKETOs should be closed because they are no longer representing a distinct region. On the other hand, consulates can remain in Hong Kong SAR as a Chinese city rather than a special autonomous region.

Recommendation Three: *Hong Kong SAR's seat at the World Trade Organization, its representation at the EU, and its representation at International Maritime Organization should be reviewed or removed.*

- If Hong Kong SAR does not have the same degree of autonomy, their seat at the World Trade Organisation (WTO) (represented by Geneva HKETO), the European Union (EU) (represented by Brussels HKETO), and International Maritime Organisation (IMO) (represented by London HKETO) should be removed, to avoid giving the PRC two seats at these international organisations.



⁵⁵ Suspension or Termination of Three Bilateral Agreements With Hong Kong, US Department of State, 19 August 2020, <https://2017-2021.state.gov/suspension-or-termination-of-three-bilateral-agreements-with-hong-kong/index.html>

