

Zhang Xiaoming 张晓明, the director of the State Council Hong Kong and Macau Affairs Office 国务院港澳办, was replaced a few days ago, as vice-director of the small leading group of the same name, by the current Minister of Public Security, Zhao Kezhi 赵克志. That said, it seems Hong Kong's issues run deeper than just a few personnel appointments. Is the special administrative zone becoming a proxy battleground for opposing political forces inside the Party? The timeline and people involved suggest that parts of the ongoing crisis might have been made by design by outgoing political networks amid the anti-corruption campaign. From the selection of Carrie Lam 林郑月娥, the underpinnings of the Hong Kong and Macau affairs system, to the bid for the London Stock Exchange, there is more than meets the eye.

The “Manchurian” Candidate and the Jiangpai

From the beginning, the opinion was that Madame Lam would be a short-live replacement for Liang Zhenying 梁振英. Carrie Lam, who actually joined the protest – even for a brief moment – for universal suffrage back in 2014, stayed close to the negotiation with Beijing, unlike some of her counterparts who were refused entry in Shenzhen back in 2015. She then became one of the favorite faces of the administration, especially in late 2016, when Liang Zhenying¹ announced he would not be running for re-election. Liang, a representative of the “old regime” – associated with both Zeng Qinghong 曾庆红² and Zhang Dejiang 张德江, was creating issues leading to the deterioration of the situation in Hong Kong (i.e. his comments on Hong Kong's possible independence)³, issues that were reported by local journals such as Sing Pao 成报⁴. The whole ordeal lead Xi to push forward in his “cleaning up” of Party-State institutions, such as the Liaison Office 中联办⁵. That said, Zhang Xiaoming remained in position⁶, even though he is clearly an associate of both Zeng Qinghong and Zhang Dejiang⁷.

The removal of Liang was received with great praise back in Hong Kong (considering the chaos he had stirred), up until the line of potential candidates was announced: 1) Hu Guoxing 胡国兴 (Woo Kwok-Hing) – former High court judge; 2) Zeng Junhua 曾俊华 (John Tsang) – director of the finance department; 3) Zeng Yucheng 曾钰成 (Jasper Tsang) – former Legislative Council chairman; 4) Ye Liu Shuyi 叶刘淑仪 (Regina Ip) – leader of the New Democratic Party; and 5) Lin Zheng Yue'e (Carrie Lam) – former director of the Development Bureau. At the time, both Regina Ip and Carrie Lam were seen as unsuitable candidates to represent Hong Kong in the light of their respective statements: Carrie was going to follow in the footsteps of Liang (her predecessor) and Regina already caused more than 500 000 people to take the streets⁸ (regarding the amendment of Article 23 of the Basic Law⁹) back in 2003. It was seen as though neither should be elected as they would go against the will of Hong Kong's population. That said, Beijing, or might we say the Liaison Office, already had a horse in this race: Carrie Lam.

¹ Li, the candidate of Zeng Qinghong and of Zhang Dejiang, was certainly not appreciated by Xi Jinping, who, in an attempt to respect Hong Kong's Basic Law, refrained from taking any administrative measures against him.

² In this regard, Liang Zhenying was promoted by Jiang Zemin's right-hand man at the time, Zeng Qinghong, in order to be a local manager for the Party. That said, the first lead executive of Hong Kong, Tung Chee-Hwa 董建华 (Shanghai born) had also been appointed by Jiang, with whom he will maintain close ties. The second one, Donald Tseng, is often seen as a Hu-Wen decision.

³ <https://www.scmp.com/news/hong-kong/education-community/article/2007747/wont-go-court-foul-language-you-can-be-kicked-out>

⁴ The journal even went further in expressing its dissatisfaction with both Zhang Dejiang and Liang Zhenying.

⁵ The Liaison Office (in Hong Kong) was headed by Zhang Xiaoming from 2012 to 2017 (under Zhang Dejiang), and is now headed by Wang Zhiming 王志民, one of Xi's Fujian ally.

⁶ That said, he was removed from the central leading group in early September 2019.

⁷ Zhang is often labeled as the “great tiger” 大老虎 of both Zeng and Zhang.

⁸ <https://www.hkpopop.hku.hk/chinese/columns/columns22.html>

⁹ Article 23 reads as such: “The Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the Central People's Government, or theft of state secrets, to prohibit foreign political organizations or bodies from conducting political activities in the Region, and to prohibit political organizations or bodies of the Region from establishing ties with foreign political organizations or bodies”

The director of the Central Coordination Group for Hong Kong and Macau Affairs 中央港澳工作协调小组, Zhang Dejiang, who visited from May 17 to 19, 2016, already expressed his support for Carrie Lam, the “pro-Beijing” candidate¹⁰. Zhang, assisted by the director of the State Council Hong Kong and Macau Affairs Office, Wang Guangya 王光亚, rallied support from the Central Committee behind Carrie during the early days, leaving the other candidates feeling the pressure of the Liaison Office, including candidates like John Tsang (whose real popularity and support remained high throughout the election)¹¹.

Despite being portrayed as a “female 689” (as in the number of votes Liang got back in 2012)¹², and as a potential leader who would “sell Hong Kong” to the central authorities, Lam was in tune with the Liaison Office “criteria” needed for approval: “love for the country [China], and love for Hong Kong; being trusted by the central government; have good governance abilities; and (finally) have the support of Hong Kong’s population”¹³. Yet the pressures, and some would say “intimidation”, exerted on other candidates only raised the level of dissatisfaction: November polling (2016) showed that Carrie Lam’s support was only at 53.2 points, 10 points more than when she was elected in January (2017)¹⁴.

That said, Lam, depicted as the “Beijing” candidate, was not totally endorsed by Xi, but rather by others like Zhang Dejiang, and the director of the Central United Front Department 中央统战部 at the time, Sun Chunlan 孙春兰 (also vice-director of the leading group under Zhang)¹⁵. They met in February 2017 in Shenzhen in order to confirm the Central Committee’s choice (Carrie Lam)¹⁶. And to no surprise, she was elected top executive official of Hong Kong, a decision confirmed by the Liaison Office.

The Hong Kong and Macau Affairs System

The leading group, which supersedes the Liaison Office, was created back in 2003¹⁷ and directly handed over the Vice-President (and Jiang Zemin’s right-hand man), Zeng Qinghong. The latter had previously been vice-director of the now defunct Central Foreign Affairs Work Leading Group of the Central Committee 中共中央外事工作领导小组 back under Hu Jintao. As such, Zeng, who at the time was assisted by Tang Jiaxuan 唐家璇¹⁸ and Liao Hui 廖晖¹⁹ (both vice-directors), can be said to be the architect of the “system” on Hong Kong and Macau, a system that was “handed over” to an ascending Xi back in 2007.

The arrival of Zhang Dejiang in 2012 signified the “return” of Hong Kong’s affairs to the hands of the old guard. Furthermore, the Liaison Office had also been given to a close ally of Zeng Qinghong, Zhang Xiaoming. The latter’s predecessor, Liao Hui, as well as other more discreet figures have sometimes been dubbed as “Hong Kong’s chaotic gang of four” 乱港四人帮²⁰ (i.e. Zhang Dejiang, Zhang Xiaoming, Liang Zhenying, Jiang Zaizhong 姜在忠²¹ [and Liao Hui]).

¹⁰ The visit of Zhang was seen as the “ghost” of Jiang Zemin coming to sow chaos in Hong Kong’s political landscape. At the time, some even considered Hong Kong to become a battleground for tensions in Zhongnanhai 中南海.

¹¹ That said, as mentioned in the article, popularity does not always translate into voting. <https://www.scmp.com/week-asia/politics/article/2081941/why-hong-kongs-john-tsang-popular-people-not-voters>

¹² <https://www.hongkongfp.com/2016/01/17/why-689-is-the-magic-number/>

¹³ http://www.guancha.cn:8080/politics/2016_12_31_387054.shtml

¹⁴ <https://www.bbc.com/zhongwen/simp/chinese-news-38591976>

¹⁵ Sun also visited Hong Kong back (with Zhang Xiaoming) in October 2015, the first visit made by an official since the “Occupy Central with Love and Peace” 占领中环 back in September 2014 (before and overlapping on the “umbrella movement”). https://www.bbc.com/zhongwen/simp/china/2015/10/151005_china_hongkong_politiburo

¹⁶ Liu Yandong 刘延东 accompanied Hu Jintao in Hong Kong a week before Liang Zhenying’s election back in late June 2012 (to show support). <https://www.hongkongfp.com/2017/02/07/carrie-lam-is-the-only-leadership-contender-beijing-supports-state-leader-zhang-dejiang-reportedly-says/>

¹⁷ The leading group was founded back in 1978, yet not much information its previous leadership can be found in secondary sources.

¹⁸ Tang was minister of Foreign Affairs from 1998 to 2003 and Jiang Zemin’s ally.

¹⁹ Born in Hong Kong, Liao’s father, Liao Chengzhi 廖承志 became the first director of the Hong Kong Macau State council working unit back in 1978. Liao Chengzhi was also director of the Overseas Chinese Affairs working unit of the State Council 国务院侨务办公室 during the same period, playing supervisor to his son who was at the time deputy director. Liao Hui would take over his father’s position in 1984 up until 1997. This explains why, to a certain extent, Liao Hui is still mentioned as a “power player” in Hong Kong’s politics up to this day. Liao Hui also served as “fuzuzhang” 副组长 to both Zeng Qinghong and Xi Jinping.

²⁰ Not to be confused with the Chinese media’s “Hong Kong’s disastrous gang of 4” 祸港四人帮, which encompasses Li Zhiying 黎智英, Li Zhuming 李柱铭, Chen Fang’an 陈方安生, and He Junren 何俊仁. These 4 pro-Hong Kong administrators have often been singled out as “traitors” by the Chinese media.

²¹ Jiang is the CEO of Takungwenwei Group 香港大公文汇传媒集团 (founded in February 2016), President of the Ta Kung Pao (publishing) society 大公报社, and a close ally of Bo Xilai, and Zhang Dejiang.

These four have then often been accused of creating chaos in Hong Kong, as if the special administrative zone was to become a future battleground for intra-Party tensions.

For example, we can think of the “white paper on Hong Kong” 香港白皮书 (June 2014) which aimed at changing the definition of “one country two systems”, which led to more than 800 000 people taking to the streets²². Regardless, Zhang Dejiang went to “support” Liang, by having several meetings in Shenzhen in early July 2014 to reaffirm “Beijing’s support”²³. On the 31st of August (during the meeting of the Standing Committee of the National People’s Congress 全国人大常委会 – an institution controlled by Zhang Dejiang at the time), it was also decided that there would be no universal suffrage for 2016²⁴; this could be seen as the main trigger behind the “umbrella movement”.

This is, of course, without mentioning the comments made by Liang Zhenying, regarding Hong Kong’s independence back in August 2016²⁵ which are said to have stimulated more discussions among students than ever before and, of course, protests. Xi called for the avoidance of violent repression in order to avoid further complications. In September, before the election of the legislative council, Liang Zhenying asked candidates to sign a “pledge” stating that Hong Kong is an inseparable part of China, causing even more protests. While stirring political unrest, Liang and the Liaison Office were also trying to secure the support of Hong Kong’s business circles.

Fast forward to the consolidation of Carrie Lam, which started in July 2017, and her involvement in the issue of suppressing pro-independence movements. It started with candidate disqualifications, and one year later (2018), continued on to the ban on certain local parties, such as the pro-independence Hong Kong Party (banned in September 2018). She also intervened on behalf of Liang Zhenying by getting the UGL corruption case closed in December 2018.

In the meantime, leadership of the Hong Kong Macau leading group had changed and was now headed by the Vice-Premier, Han Zheng 韩正, an old ally of Jiang Zemin and one of the last important figures of the infamous “Shanghai Gang”. The decision to appoint Han, which would be made public later in April 2018, consolidated the position of the *jiangpai* 江派 in both Macau and Hong Kong for the time being (only cutting briefly during Xi’s appointment back in 2007)²⁶. Yet, Han Zheng was surely not Xi’s main choice for any position, as clearly demonstrated by the 2017 reshuffle: Han was selected to be part of the Standing Committee of the Politburo in order to “free” Shanghai for Li Qiang 李强 – a “regular” Politburo member²⁷. Even back in March 2018, during the ministerial reshuffling post-19th Congress, lots of names circulated as to who would succeed Zhang Dejiang, such as Li Zhanshu 栗战书 or even Wang Qishan 王岐山²⁸, but certainly not Han Zheng.

Since control of Hong Kong was a top priority for Xi, the selection of Han, who is by no means one of his allies (known to be close to the likes of Chen Liangyu 陈良宇 – Party Secretary of Shanghai from 2002 to 2006 – and Jiang Zemin) made very little sense. In the context of the wider intra-Party struggle, the case of Han becomes a crucial one for the *jiangpai*. After having been ousted from Chongqing (with the fall of both Bo Xilai 薄熙来 and Sun Zhengcai 孙政才); Shanghai (with arrival of Li Qiang); and from their main power base, Northeast China (with the fall of Wang Min 王珉, Su Rong 苏荣, Wang Rulin 王儒林, etc.), losing Hong Kong was not an option. Unable to “use” Li Zhanshu (who had been selected to clear out the influence of Zhang Dejiang from the National Assembly), nor Zhao Leji 赵乐际 – who would succeed Wang Qishan at the Central Commission for Discipline Inspection, the low-key Han Zheng was named head of the leading group, in exchange for his Shanghai position.

²² <http://www.rfi.fr/cn/中国/20140708-钟庭耀看6-22公投>

²³ Some saw this “defiance” as a sign of resistance.

²⁴ The name of meeting actually says it all: “Decision of the Standing committee of the National People’s Congress regarding universal suffrage for the selection of Hong Kong’s chief executive [...]” 全国人大常委会关于香港行政长官普选问题和2016年立法会产生办法的决定. http://www.gov.cn/xinwen/2014-08/31/content_2742923.htm

²⁵ <https://www.rfa.org/cantonese/news/htm/hk-leung-08302016092025.html>

²⁶ Most of the high-profile corruption cases (e.g. Song Lin 宋林 – CEO of China Resources [ally of Zeng Qinghong]; Xiao Jianghua – CEO of the infamous “Tomorrow Holding” 明天集团 [considered to be the banker of several major families, including that of Zeng Qinghong]; Lai Xiaomin 赖小民 – CEO of the Huarong Group 中国华融 [associated with Sun Zhengcai, Zeng Qinghong and also Wu Guanzheng 吴官正]) were directly aimed at the old guard and the “old Liaison Office”, as if to show that the central leadership was well aware of the situation. The fall of Lai Xiaomin also underlined the ties between the HKBridge Financial Holding Limited’s current CEO, Liu Ting’an 刘延安, and Liu Yunshan’s son, Liu Lefei 刘乐飞 (when Liu Lefei was CEO of China Life Insurance Group 中国人寿集团, Liu Ting’an was “*mishu*” of the board of directors.).

²⁷ Usually, standing committee members do not “govern” provinces, nor municipalities directly under the central government” (i.e. Beijing, Tianjin, Shanghai, Chongqing), whereas “normal” Politburo members can and often do so.

²⁸ <https://www.singtao.ca/1389215/?variant=zh-cn>; <http://news.dwnews.com/china/news/2018-03-04/60043760.html>

Han would, however, be under more scrutiny under the “1 director, 4 deputies” arrangement 一正四副²⁹ than his 3 predecessors.

Four months later, Han Zheng was also named director of the leading group for the construction of the Guangdong-Hong Kong-Macau Greater Bay Area 粤港澳大湾区建设领导小组, closely monitored by Li Xi 李希 (Guangdong Party Secretary and Xi’s ally) and He Lifeng 何立峰 (Director of the National Development and Reform Commission 发改委 and the main person [on behalf of Xi] responsible for implementing the Belt and Road 一带一路).

Who is talking about the extradition bill”?

Fast forward to the end of March 2019 and to the introduction of the extradition bill by Carrie Lam. The bill, which was introduced one day after the trade talks resumed between Beijing and the United States (day 266-267 of the trade war) and a few days after the “two sessions” 两会, had set the stage for the protests ongoing to this day. While the pro-Beijing camp (Zhang Xiaoming, but mainly Han Zheng) defended it, there are numerous accounts of Xi supporting Hong Kong’s Basic Law, as well as its capacity to enact amendments or regulations and, of course, the local government’s handling of the protests³⁰.

Chief Executive Lam, who met with Han Zheng on the 14th of June to then “suspend” the bill on the following day, refused to bow down to the protests and their “five demands”. He stood by her and refuted the mishandling of the protests by the Hong Kong government. On July 1st, thousands of protesters broke into the Legislative Council, leaving some to wonder why this building was not protected by the police and if in fact acts of violence were encouraged. As Beijing calls for the proper handling of the protests – while avoiding any direct interventions, Lam doubles down on her position.

As the situation unfolds, Xi criticized the Hong Kong leading group, and the issue was most likely carried over to the Beidahe retreat in August (just like the Sino-US trade war and the state of the Chinese economy), especially since the Party was (and still is) at the time unable to control the situation.

On the 4th of September, Lam announced she would withdraw the bill once the Legislative Council returns from summer vacation, one day after Xi’s discourse on the issue. At the time, Lam’s proposition was the opposite of what was put forward during the Hong Kong Liaison Office press conference. This undying support from the Hong Kong’s affairs system did little to appease the protesters who might feel ambivalent regarding China’s message: is this a message from the Central Government or the Hong Kong affairs system?

Although the situation has yet to conclude, one is forced to wonder why the Hong Kong government was so unwise (especially considering the previous “umbrella movement”, the pledge incident, etc.) and who is actually driving Hong Kong’s politics. When we look closely at who is talking about the bill, one must notice the prevalence of the Vice-Premier Han Zheng. For example – one among many – on May 18, Han met with the Hong Kong Fujian Federation 香港福建社团联合会 in order to confirm the Central Government’s support for the extradition bill’s revision³¹. This came out only two days after the blacklisting of Huawei by the Americans. As such, these statements at an inopportune time by Han Zheng³² can leave us wondering if the trade war (and what it reveals about other intra-Party struggles) had the central authorities so overwhelmed that they could not keep up with another institution “going rogue”?

This situation, just like the clash between the conservative and “liberal” allies of Xi in regards to how the trade war’s negotiation should be handled, has put Xi under the spotlight, highlighting additional dissonances in the central leadership. Moreover, the Hong Kong government’s firm stance on the bill – backed by the Hong Kong leading group – put additional strains on the trade war talks – the US threatening to walk if the matter is not handled humanely.

This succession of unfortunate events, which in the case of Hong Kong started back in 2012 with the appointment of Liang Zhenying, created yet another front for Xi Jinping to manage amid the trade war, and the unintended consequences of the anti-corruption campaign.

²⁹ The two foreign affairs ministers aside (Yang Jiechi 杨洁篪 and Wang Yi 王毅), the only cadre able to “check on Han” was You Quan 尤权, one of Li Keqiang’s “mishu”.

³⁰ https://www.fmprc.gov.cn/web/wjdt_674879/fyrbt_674889/

³¹ http://www.xinhuanet.com/politics/2019-05/21/c_1124524707.htm

³² Han did also refuse the withdrawal on the 30th of August, position no longer tenable after the recordings of Lam were made public on the 2nd of September.

The only questions we cannot answer are: was this all by design? And are competing forces using Hong Kong to destabilize Xi's position inside the Party? In the end, intra-Party struggle or not, the problem (and its possible consequences) will be tossed in Xi's direction and he will have to deal with it.

The "removal" of Zhang Xiaoming and the open front

In light of the never-ending protests and the miscommunications between Beijing and the Hong Kong affairs system³³, Zhang Xiaoming was demoted from the leading group and replaced by Zhao Kezhi, the current Minister of Public Security. Zhao, who is supported by the ex-Vice Prime Minister Jiang Chunyun 姜春云³⁴, but also by Hu Jintao and Xi Jinping³⁵, might provide much needed help to the President in light of recent events.

The long-lasting effects of old (mainland) networks on Hong Kong's politics are difficult to tackle, especially if their existence is the expression of intra-Party struggle. The recordings made public on the 2nd of September could support this idea³⁶ – that Lam might be reaching out to Xi. That said, the recording itself remains a mystery³⁷, as if it was intended for a wider audience, bypassing local Party institutions.

Despite a stronger involvement from Xi in the matter, it seems that hardliners are still getting through. Point being, the recent public comments made by Wang Zhenmin 王振民, a professor at the faculty of Law of Tsinghua University and the director of the legal department of the "zhonglianban". Among other things he mentioned that the Chinese constitution should apply in Hong Kong, and that (because of the current situation) the latter (Hong Kong) risks losing everything, including the rule of law³⁸. Yet, these comments have not been endorsed by the central authorities. Others, like Huang Qifan 黄奇帆 – ex Mayor of Chongqing under Bo Xilai (and someone the central leadership is on the fence about), sang a different tune: Shenzhen and Shanghai will not replace Hong Kong as global financial centers. He also made the point that the "one country two systems" allows for Hong Kong's distinctiveness and should be safeguarded³⁹ (even in light of new free-trade zones being unveiled in Shanghai and Shenzhen). This confirms, to a certain extent, that the Party remains divided on the issue.

This reminds us of the tensions between the "wenxuan" system 文宣系统 (information /propaganda/ ideological work) and the reformers during the trade talks: journals sometimes criticize Liu He for being too soft and that China should take a stronger stance, while he (Liu He) advocates for compromises with the US negotiators. This also puts Xi in a difficult position as he previously endorsed individuals such as Wang Huning 王沪宁 (known for being conservative) and has several allies on the same spectrum, allies that occupy top positions in the Central Publicity (propaganda) Department, Central Party School, etc. In this case, Xi is stuck between his "conservative" and "liberal" associates, whereas Hong Kong is a different story. The President is trying to send a message of support and of *status quo* to Hong Kong (while sidelining any military options), while the Hong Kong affairs system seems adamant in pushing the extradition bill, criticizing the Basic Law, and taking the high road in terms of additional amendments.

The central resources are already monopolized on the trade war, its unintended economic consequences, and on pursuing the anti-corruption campaign, which might help explain why it took so long to re-streamline the center's message. At the same time, these exposed "cracks" in the central leadership not only confirms the rumors of competing forces, but also underlines the fragility of the regime.

³³ The adding of two new spokespersons back in late July indicates how serious the communication issue had already become. This sudden change also raises the question why Chen Jiguang 陈继光, who is the director of the liaison department 联络司 of the working unit and still registered as speaker, does not deliver the news himself? <https://news.ifeng.com/c/7ohuim4r6y>

³⁴ Both are from the Shandong province. Furthermore, Zhao worked under Jiang while the latter was both governor and Party Secretary in the early 1990s.

³⁵ Zhao was originally selected by Xi to head the Ministry of Public Security because the former does not have any training in the political and legal affairs system.

³⁶ Lam mentions that she knows she caused arm to Hong Kong, that she would resign if she could and that she had very limited wiggle room to solve the crisis.

³⁷ Especially since it was in English and of very good quality, one could argue, again, that the message was intended for a larger audience in addition to Xi. Secondly, the recording was leaked to Reuters and not to any local agencies, most likely not to be intercepted by the *wenxuan* system led by Wang Huning, shadowed by Liu Yunshan 刘云山 and Li Changchun 李长春. Yet, this might seem counterproductive as Reuters (UK-based), supports the local population's struggle.

³⁸ <https://sg.news.yahoo.com/hong-kong-risks-losing-everything-125529348.html>

³⁹ <https://www.dw.com/zh/黄奇帆一国两制的香港不可取代/a-50472384>

Conclusion: the impasse and the economic pressure

At the moment, the central authorities and the Hong Kong government are at an impasse. That said, economic pressures and time might be favoring Beijing: hotels are being deserted, tourism is plummeting, workers are being laid off, etc. Protests are also not creating a good investment climate for foreign organizations.

Yet, the “insurgency” – maintained by the five demands and the now overly prevalent Hong Kongese identity – has reached a point of no return, and it is unclear to what extent the new dialogue, promised by Carrie Lam, will help ease tensions. Same goes for the London Stock Exchange bet that was put forward by the the Stock Exchange of Hong Kong: would this bring leverage for the Special Administrative Region in maintaining its “special” status? Since the bet was declined, the answer is more than uncertain.

One thing is for sure when it comes to the problem at hand: the situation needs to be solved or at least contained before the upcoming October 1st celebrations. We can expect tighter restrictions in the capital (and even more in Shenzhen) and maybe even some form of short-term agreement between the protesters and the Hong Kong government.