

## **The Myth of Institutionalizing Hong Kong–Taiwan Relations: 26 Years after the Handover**

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### **Abstract**

Liberal institutionalism theorists argue that institutional establishment would promote cooperation between the two political entities of the exchange in terms of strategic interests, which is facing many obstacles in the internationally anarchist system. It could function especially well during external interactions at the sub-state level. However, after Hong Kong was handed over to the People's Republic of China (PRC), the development of relations with Taiwan was full of twists and turns, approaching the opposite. Formal and bureaucratic interactions have prompted Hong Kong officials to make conservative decisions about Taiwan's sensitive relationship, stifling the strategic ambiguity needed to utilize Hong Kong as a buffer for cross-strait tensions. Especially

during the Democratic Progressive Party's reign, the institutionalization seems to have opened a loophole and given Taiwan an "international" form to interact with Hong Kong, crossing the red line of Beijing's "One China Principle". Coupled with the closer connections between the civil societies of Taiwan and Hong Kong since the mid-2010s, Beijing has imposed a clampdown on institutionalized Hong Kong–Taiwan relations. The previously subtle interaction between Hong Kong and Taiwan, being leveraged during the cross-strait conflict, has been greatly weakened since the mid-2010s.

**Keywords:** *city diplomacy, cross-strait relations, institutionalization, strategic ambiguity, sub-state diplomacy*

## 1. Introduction

Regardless of the tradition of any theoretical school, the basic analytical unit of international relations studies is mainly the state. However, the increasing interaction between cities at the international political level challenges this premise. Today, cities engage in bilateral and multilateral relationships, including sister cities mechanisms, multilateral cooperative agencies, and so on (e.g. United Cities and Local Governments, Sister Cities International). More than a decade ago, Rogier van der Pluijm discussed the concept of "city diplomacy" to capture the mechanisms by which cities interact with cities to represent their own interests (van der Pluijm, 2007). However, compared with the literature on subjects such as governance studies and urban sociology, especially at the theoretical level, the discipline of international relations studies has not responded to this until recent years. Simon Curtis argued that this challenge made the assumptions about forming a modern international system no longer static. However, he also saw this as an

opportunity for the theoretical resources of the discipline of international relations to contribute to the study of global cities or even to reform the discipline itself through a processual understanding of international relations (Curtis, 2016a, 2016b, 2014, 2011). In studying the city’s companion practice and the city-city pairing, some scholars also reconsider the “inside” and “external”, “domestic” and “foreign” implications of the international relations theory (Joenniemi and Sergunin, 2017). Traditional boundaries between “state” and “international” are becoming more blurred. The experience of institutionalizing interaction between cities becomes more and more prevailing. This paper examines the applicability of international relations theory to the interaction between Hong Kong and Taiwan, which may help to connect “city diplomacy” literature with international relations studies and enrich relevant research literature. The authors understand that many may not consider either or both of the actors discussed in this paper as “states” in the strictest definition (although Taiwan does have a national character in practice), but critically reviewing the experience and challenges of institutionalizing the Hong Kong–Taiwan relations at the sub-state level is a valid reflection of unconventional theories (Chiu and Law, 2023).

## **2. Institutionalization: Strategic Miscalculation?**

A concise revisit to the different views on institutionalization in international politics, namely realism and institutionalism, should inspire further analysis of the case. According to institutionalism theory, institutionalization in international relations refers to establishing institutions to regulate and promote cooperation between states. However, the debate over whether institutionalization really benefits cooperation between nations has always been a diving line between the

realism and the liberalist tradition, i.e. while they all see the state as an actor in their own interests and admit that the international system is anarchical, they have different views on the prospects for cooperation between countries. Realism holds that cooperation between countries in anarchy is constrained by deception and relative gain. In such cases, international institutions cannot mitigate the constraints of anarchy on international cooperation (Grieco, 1988; Mearsheimer, 1994). On the contrary, neoliberal institutionalists argue that institutions are central to promoting cooperation even in an anarchic international system (Axelrod and Keohane, 1985; Keohane, 1989, 1984). The crucial difference is how they understand the results under the anarchic international system. Realists argue that countries only care about relative gains in cooperation, which are difficult to materialize because countries fear being deceived in the real world. Even if countries succeed in reaching international agreements, they will still worry that other countries will benefit more from these systems than they do.

On the contrary, institutionalists rebut that by reducing the cost of verification and providing valuable information, establishing international institutions precisely resolves distributional conflicts and reduces fears of deception and unequal relative interests between countries. The core idea of neoliberal institutionalists is that state actors in anarchy cooperate through international institutions to promote mutual interests. According to R.O. Keohane, a master theorist of it, this view relates to the impact of the system on national action and the reasons for institutional change. In the assumption of free trade and interdependence, like the liberalist tradition, actors must derive potential benefits from their cooperation. However, somehow different to other liberalist factions, neoliberal institutionalists argue that international cooperation between nations is not based on altruism, idealism, personal honor, common purpose, internal norms, or a common belief in a set of

values embedded in a culture and that countries choose to institutionalize cooperation because of strategic calculations. It can also facilitate an understanding of what is happening to each side and the motivations and interests of other sides (Keohane, 1989). In the international system, cooperation refers to the process of one government's policy being coordinated through policy which is consistent with another government's policy. Such negotiations usually take the form of international agreements (Keohane, 1984). In short, the institutionalized international system encourages countries to act in new ways. In some specific respects, such as environmental protection, researchers believe subnational governments can join with regional peer groups to explore new approaches in mitigating or adapting policies through institutionalized collaboration, especially those that might be less attractive within a national context (Duggan, 2019).

Diplomacy between other sub-state entities tends to focus on non-political issues. Still, the relationship between Hong Kong and Taiwan remains highly politically sensitive due to its special historical background. Hong Kong and Taiwan do not only share a common history of post-World War II “economic miracles” but have been separated from the Chinese mainland under communist rule for more than half a century. More importantly, the relationship between Hong Kong and Taiwan is one of the most subtle cases in East Asia, as the development of their relationship is inextricably linked to the prospects for cross-strait relations. Although Hong Kong–Taiwan relations are not state-to-state type, due to the special nature of cross-strait relations, the sensitive status of the two places enjoys more autonomy in foreign exchanges than other non-state actors. As a result, after the 1997 handover of Hong Kong from British colonial rule to the Beijing authorities, the latter formulated the “One Country, Two Systems” (一國兩制) model to attract Taiwan's peaceful reunification, a national

priority concerning territorial sovereignty. Therefore, the significance of Hong Kong–Taiwan cooperation should focus on social and economic agreements and seriously consider their political interaction.

The Taiwan government first proposed setting up institutions to manage bilateral relations shortly after Hong Kong's handover, which it said would provide a more direct way of constructive interaction and resources. This call was first responded to in 2002, with the responsibility for managing the relationship transferred to a formal government department, culminating in the establishing of a formal institution for both sides in 2010 to facilitate cooperation. However, it is not necessarily accurate to examine this particular situation by applying traditional rationalism in international relations studies because the strategic interests of the actors were no longer merely economic but entangled with political considerations. Specifically, the institutionalization of Hong Kong–Taiwan relations since 2010 has stifled the subtle strategic ambiguity between previous interactions. However, Hong Kong–Taiwan relations seemed to be getting closer in the Ma Ying-jeou (馬英九) era (Ma was Taiwan President from 2008 to 2016) when institutionalization initially led to certain co-operation agreements. Meanwhile, it was also the beginning that Hong Kong government's management of this relationship became more and more formalistic and bureaucratic, and it was often conservative in decision-making. In other words, even if Beijing authorities do not directly manipulate the Hong Kong government's decision-making, bureaucrats tend to prioritize non-risk and closely follow Beijing's official line, especially on sensitive and complex issues, such as cross-strait relations. Ultimately, institutionalization is not about promoting co-operation but about making Hong Kong–Taiwan relations more fragile and vulnerable to fluctuations in cross-strait relations, as evidenced by events that followed the change of administration in Taiwan's 2016 presidential

election. In other words, Hong Kong has lost the flexibility needed to play a mobile role in cross-strait politics, and establishing an office to deal with Hong Kong–Taiwan relations has ultimately deviated from its original intention of encouraging interaction and communication between the two places through strategic ambiguity.

### **3. How Strategic Ambiguity Worked before the Institutionalization**

According to institutionalism theory, mutual economic interests among actors are the prerequisite for cooperation. Economic consideration is certainly part of the calculations in the relationship between Hong Kong and Taiwan. Cross-strait trade had long been banned, and Hong Kong had been the centre of Taiwan's extensive trade and investment with the Chinese mainland and Southeast Asia. In 1996 (on the eve of the 1997 handover), Hong Kong was Taiwan's largest export destination, accounting for more than 24% of Taiwan's exports. Politically, although the two major political parties, i.e. the Kuomintang (KMT, 中國國民黨) and the Democratic Progressive Party (DPP, 民主進步黨), have different positions on both sides of the Taiwan Strait, both parties agree that Hong Kong is different from the Chinese mainland and that the people in Taiwan and Hong Kong have similar aspirations for freedom and democracy. Therefore, after the transfer of power in 1997, Taiwan intended to maintain friendly relations with Hong Kong for economic gain, and all parties had good intentions to establish good relations.

However, the interaction between Hong Kong and Taiwan is not just about the economy. As a place under British colonial rule, Hong Kong hosted many KMT members who failed to flee from the Chinese mainland to Taiwan around 1949. They formed an organized and intimate community, which considerably impacted Hong Kong society.

In the early days of KMT's move to Taiwan, they even used Hong Kong as an intelligence centre to prepare for a counter-offensive against the communist rule in the mainland (Lee, 1997; Lombardo, 1999). Before the handover, Hong Kong was also regarded as a neutral place where Beijing and Taiwan authorities could engage in dialogue to reach the so-called "1992 Consensus" (九二共識). Hong Kong provides an indirect channel for the two sides to mediate and enhance mutual understanding. If cross-strait relations deteriorate, Hong Kong can act as a buffer to ease tensions. In other words, the essence of Hong Kong is to travel across the difficult territories of the two sides of the Taiwan Strait, providing flexibility for political adjustment. When cross-strait relations are tense, Hong Kong's strategic ambiguity makes it vital to the interaction between Hong Kong and Taiwan.

The 1997 handover caused great uncertainty about the trade and social ties between Hong Kong and Taiwan at that time. The relationship between Hong Kong and Taiwan has changed from a relationship between two independent entities to a secondary relationship between two territorially disputed "China". Hong Kong became part of the PRC, not a neutral place for mediation between the two sides across the Taiwan Strait. Before the handover, Beijing proposed an unprecedented "One Country, Two Systems" model. It is generally believed that this was not designed specifically for Hong Kong but that Beijing authorities hope to use this model to attract Taiwan to the peaceful reunification of the PRC. This unprecedented arrangement, certainty and stability were what the parties needed most at the time. Attempting to calm the wave of doubt, in 1995 Beijing authorities announced "The Basic Principle and Policy of Hong Kong relating Taiwan issue" (i.e. "Qian's seven rules", 錢七條) in 1995 to ensure that all existing "unofficial" links can be maintained under Beijing's overseeing. As one of the core national interests, Beijing authorities hope to use these ties through economic and



social means to attract Taiwan to achieve national reunification (Fravel, 2008). Regardless of the future development of cross-strait relations, Beijing had hoped to maintain a channel of communication through the links between Hong Kong and Taiwan. Under this strategy, Hong Kong–Taiwan interaction was deliberately designed to be informal, with no institution, giving both sides flexibility to operate, as distinct from more formal and organized interaction between Beijing’s Association for Relations across the Taiwan Straits (ARATS, 海峽兩岸關係協會 / 海協會) and Taiwan’s Straits Exchange Foundation (SEF, 海峽交流基金會 / 海基會).

In the early days after the 1997 handover, the development of Hong Kong–Taiwan relations largely followed these arrangements and operated smoothly. A post entitled “Special Advisor” to the Chief Executive (CE) of the Hong Kong Special Administrative Region (SAR) was set up. Yip Kwok-wah (葉國華) was appointed by the first CE, Tung Chee-hwa (董建華), to specifically manage Hong Kong’s relations with Taiwan “outside the institution” to fulfil the “non-official” requirement of the “Qian’s seven rules”. Yip was close to Tung but was not considered a government official. This institutionally ambiguous arrangement deliberately provides flexibility in dealing with Taiwanese politicians, and Yip was also a businessman with good connections and knowledge on both sides of the Taiwan Strait. One of his most important objectives was establishing and maintaining good relations with Taiwan, so he actively participated in several activities organized by pro-Taiwan organizations in Hong Kong, such as the federation of Hong Kong and Kowloon Trades Union Council (HKTUC, 港九工團聯合總會). However, he subtly denied representing the official position on these occasions but only spoke for himself. Meanwhile, Taiwan figures still hoped to understand Hong Kong’s policy towards Taiwan and its bottom line through Yip. Although such arrangements may be indirect and

inefficient in reaching agreements, together with some politically minded people, they were sufficient to provide prospects and opportunities for good relations in the performance of Hong Kong's subtle role under such complex circumstances.

Although Yip has publicly stated that Hong Kong–Taiwan exchanges must follow cross-strait relations, the fact was that he maintained Hong Kong–Taiwan relations during the turbulent period of cross-strait relations and acted as a political lever between the two sides (Shen, 2010). The most typical example is the first “Hong Kong-Taipei Twin Cities Forum” held in January 2000 and re-held in 2001 after the unrest since July 1999 caused by Taiwan President Lee Teng-hui (李登輝)’s “Two-state theory” (兩國論). This was the first and most successful city diplomacy during the period of cross-strait tensions. The two sides discussed non-political city governance issues, such as traffic operations and management. These links have proved to be essential for maintaining communication in times of uncertainty in cross-strait relations. Although Yip has said that it is difficult for Taiwanese officials to visit Hong Kong, a year after the DPP came to power, Ma Ying-jeou was officially received by the Hong Kong government as KMT’s Taipei Mayor. Tung became the first Hong Kong leader in 50 years to formally meet with senior Taiwanese officials. In addition, Yip attended Taiwan’s National Day celebration every year to show his goodwill towards Taiwan. It was reported that the relevant activities after the 1997 handover could be held indoors as usual, and it was also the tacit understanding reached between Yip and Taiwan’s Consul de facto in Hong Kong (CNA, 1st July 2022).

Although no formal co-operation agreement was signed during these years, and cross-strait relations fluctuated from time to time, Hong Kong and Taiwan followed the pre-handover unofficial approach to maintain stable relations. However, since Yip did not belong to any

particular government department, the development of Hong Kong–Taiwan relations was rather limited in resources. Taiwan’s government has repeatedly raised the concern over the years, such as Vice Premier in 1998 (*Sing Pao Daily News*, 5th December 1998), Taiwan’s Consul de facto in Hong Kong in 1999 (*Sing Tao Daily*, 24th November 1999), and the Deputy Minister of the Mainland Affairs Council (MAC, 大陸委員會 / 陸委會) in 2001 (*Hong Kong Economic Times*, 1st December, 2001), etc. According to Chang Yongshan (張永山), who led the Department of Hong Kong and Macau Affairs in MAC in the 1990s and revealed to this article’s authors during an interview in April 2022, the will for institutionalizing the Hong Kong–Taiwan relation had even begun before the 1997 handover. They argued that formal institutions and problem-solving mechanisms can provide better services, which is also in line with the logic of institutionalism theory. Taiwan’s enthusiasm for institutionalization, as suggested by neoliberal institutionalism, is to maximize the information available to both sides and reduce the likelihood of cheating and risk. Moreover, Taiwan, especially the DPP administration, may believe that through the institutionalization of interaction with Hong Kong, the diplomatic status of Taiwan would be somehow enhanced. However, the wishful thinking was not actualized in that way.

#### **4. Constitutional Affairs Bureau: A Risk-averse Bureaucracy**

Hong Kong government positively responded to Taiwan’s call for institutionalization in 2002 by removing the unofficial Special Advisor from dealing with Hong Kong–Taiwan relations and transferring its responsibilities to the Constitutional Affairs Bureau (CAB, renamed in 2007 as the Constitutional and Mainland Affairs Bureau / CMAB, 政制及內地事務局), a high tier government office with substantial financial

and human resources. This is the first step towards the formalization and institutionalization of Hong Kong–Taiwan relations, and part of Tung’s major initiative to introduce political accountability for principal officials. The purpose of the system is to place political responsibilities for making “political decisions”, including those concerning relations with Taiwan, to be shouldered by the principal officials appointed by the CE rather than by career civil servants (Cheung, 2003). The shift was initially seen as a welcome move by both sides, and Hong Kong officials affirmed that it would provide “rich resources” for the development of relations with Taiwan, not just through middlemen such as Yip.

However, the new strategy did not pan out as both governments expected. Those years were one of the low points in the bilateral relationship. For example, during the severe acute respiratory syndrome (SARS) pandemic in 2003, relations between the two sides were strained when the Taiwan government required Hong Kong tourists to be quarantined for 10 days. The increasingly hostile cross-strait relations driven by Taiwan President Chen Shui-bian (陳水扁) also undermined the quality of Hong Kong–Taiwan relations. However, not only did institutionalization not facilitate cooperation, but the official nature of CAB/CMAB has constrained its capacity for interaction with Taiwan by deviating from Beijing’s official line. In dealing with this relationship in a politically sensitive environment, the formal department of a very young SAR government lacked the diplomatic experience and skill to play the role of Hong Kong. The management of this special relationship by government departments was also at odds with the “Qian’s seven rules”, which constrained official links between the two governments and undermined the space of strategic ambiguity previously enjoyed.

More importantly, managing this delicate relationship requires political shrewdness. The original purpose of Tung’s accountability system for principal officials was to enhance their legitimacy and

accountability. However, under an undemocratic political system, the system would only discourage principal officials from making risky decisions on sensitive political issues, which is one of the main shortcomings of institutionalization under such context. According to Bernard Silberman, institutional bureaucrats have more than one type of “rational” response in suspending disbelief for the moment, i.e. (1) they will provide efficient responses to overcoming the oft-noted gap between stated policy goals and their implementation; (2) the responses are not functional, but responses to individual fears over uncertain futures, then some policies will never be implemented (Silberman, 1993). To avoid being held accountable, Hong Kong principal officials preferred to make conservative decisions at the expense of the primary goal of maintaining friendly relations with Taiwan. Several incidents during the Chen administration reflect this dilemma: the Secretary for CAB/CMAB had not attended Taiwan’s National Day banquet since the Bureau took over the responsibility. The popular Ma Ying-jeou was not allowed to visit Hong Kong again in 2005, prompting criticism from the Taiwan government that the Hong Kong government had formalized everything and accused Hong Kong of being responsible for the deterioration of bilateral relations. Even after relations between the KMT and the Beijing authorities warmed up in the same year, Taiwan’s Consul de facto in Hong Kong were not allowed to meet with Lien Chan (連戰), then KMT Chairman, at the Hong Kong airport. These incidents revealed the self-censorship character of Hong Kong officials, limiting any risks for interaction that could lead to embarrassment. It was a gesture that would certainly be detrimental to bilateral cooperation. Although the KMT’s relations with the Beijing authorities had become more friendly, Hong Kong–Taiwan relations had not been strengthened through unofficial contacts. On the contrary, Taiwan officials have been repeatedly rejected by Hong Kong, avoiding any

embarrassment or accountability. As a result, some Taiwan officials complained that their interactions with some Chinese mainland cities were even more closely than with Hong Kong. This scenario also illustrates the gradual shift in strategy on the part of Taiwan and the gradual decline in Hong Kong's importance as a middleman in cross-strait relations.

It was not until the KMT returned to power through the 2008 presidential election and devised a *détente* policy between the two sides that Hong Kong–Taiwan relations returned to warm friendship. The Hong Kong government became active again in seeking contact with Taiwan under “safe” conditions consistent with Beijing's policy of reconciliation with Taiwan. However, when the two sides of the Taiwan Strait maintain friendly relations, Hong Kong's role as mediator is less significant.

During 2008–2010, before the further step towards institutionalization of establishing formal organizations, the attitude of the Hong Kong government towards their relations with Taiwan changed remarkably. The Hong Kong–Taiwan relations appeared in the CE's Policy Address of 2008 for the very first time, elevating the importance of bilateral economic cooperation. Mutual visits were re-activated for both sides, including certain high-level officials, such as the KMT Taichung Mayor Jason Hu (胡志強), KMT Taipei Mayor Hau Lung-pin (郝龍斌) and DPP Kaohsiung Mayor Chen Chu (陳菊). The Hong Kong government agreed to set up the Twin Cities Forum in Hong Kong with Taichung, which was held in April 2009. Stephen Lam (林瑞麟), the Secretary for CMAB, also visited Taiwan twice under his official title during this period and met the Minister of MAC, the highest-ranking office for cross-strait affairs. Lam announced the establishment of the Hong Kong–Taiwan Economic and Cultural Cooperation and Promotion Council (ECCPC) and the Taiwan–Hong Kong Economic

and Cultural Co-operation Council (THEC), an institutionalized platform for future communication and exchanges. Apparently, the improvement in Hong Kong–Taiwan relations is blessed due to the easing of cross-strait tension after KMT regained power through the 2008 election. However, the leverage role of Hong Kong during hostile cross-strait relations was gradually lost as the Hong Kong government increasingly subordinated to the policies of the Beijing authorities. It must be stressed such an outcome resulted from the rigidity brought by the institutionalization of interactions and cooperation that began in 2002. The fate of Hong Kong–Taiwan relations followed much of the rhythm of cross-strait dynamics.

## **5. Institutionalization before Mid-2010s: Passer-by on the Stage of History**

As cross-strait relations experienced detente, the further stage of institutionalization began when the Hong Kong and Taiwan governments set up an organization on each side to specifically engage with its counterpart to promote economic, trade and cultural exchanges, based on the model established in cross-strait relations. The creation of the platform for dialogue showed the sophisticated difference between the two sides in terms of their official status. To Hong Kong, the ECCPC was similar to other platforms in the Chinese mainland, such as Beijing and Shanghai. To Taiwan, contrarily, the THEC was equivalent to the embassies *de facto* of Taiwan all over the world. In other words, the arrangement degraded the status of Taiwan and its office to the sub-state level from Beijing authorities' perspective. The upside of institutionalization in facilitating cooperation was immediately evident under the warm cross-strait relations – the two councils worked together and were responsible for organizing joint meetings and coordinating

exchanges among government officials for the common well-being of both places' people. The councils were also authorized to sign agreements whenever necessary. The ECCPC set up a Hong Kong office in Taipei, the Hong Kong Economic, Trade and Cultural Office (Taiwan) (HKETCO, 香港經濟貿易文化辦事處), for the first time to deal with the issues of Hong Kong residents in Taiwan. This was the climax of the bilateral relations under the context of the rapprochement of the cross-strait relations. Previously, the unequal status and the lack of a common platform had been the main constraint for the official relations between Hong Kong and Taiwan. This platform could provide the mutuality and certainty that both sides hoped for. Yet, such flexibility was not replicated in their handling of issues. As the following discussion shows, although such modes of interactions has favoured some short-term positives in reaching an agreement, this endeavour towards the institutionalization of the relations also signalled a fundamental shift in the role of Hong Kong in cross-strait relations by removing the ambiguity required for Hong Kong to be the leverage and dialogue channel between Beijing and Taipei, especially when the two sides are in conflict. This structural change rendered Hong Kong an ordinary Chinese city.

Institutionalization seemed to have played its role in fostering cooperation from the outset. During the meetings organized between the two councils, the two governments reached nearly 20 agreements in areas including trade, culture, tourism, tax and public health and consensus in food safety, double tariff of goods transit avoidance and insurance supervision (ECCPC, n.d.). The Taiwan government announced that Hong Kong tourists visiting Taiwan could apply for a visa online for free to stay in Taiwan for a month. Hong Kong Monetary Authorities also signed a memorandum of understanding with the



respective authorities of Taiwan to strengthen the supervision of banks. Apart from the meetings of the two councils, institutionalization also brought government officials together to have high-level exchanges. For instance, Lai Shin-yuan (賴幸媛), then Minister of the MAC, visited Hong Kong, and Hong Kong's Financial Secretary John Tsang (曾俊華) visited Taipei. Taiwan's politicians from both parties, including former DPP presidential candidate Frank Hsieh (謝長廷) and DPP Tainan Mayor William Lai (賴清德), also had free entry to visit Hong Kong. Particularly, Frank Hsieh not only interacted with the Hong Kong government and public but also communicated with certain Beijing authorities' officials, thereby restoring the special status of Hong Kong as a platform for pioneer cross-strait communications.

Apart from regular official interaction, some political gestures by the Hong Kong government also reveal the enhanced friendship between Hong Kong and Taiwan. First, Leung Chun-ying (梁振英, CE from 2012 to 2017) received his first guest from Taiwan, the former Chairman of Straits Exchange Foundation Chiang Pin-kung (江丙坤), "in the office" to symbolize the formal nature of the meeting. This is an unprecedented move by the Hong Kong CEs, who in the past have often met with Taiwan officials outside their office for political correctness. Moreover, Christina Liu (劉憶如), the former Minister of Finance in the Taiwan government, was included as a non-official member of the Economic Development Commission set by Leung in his first Policy Address. Leung's pragmatism was evident in dealing with these sensitive relations.

Second, the iconic Twin Cities Forum between Hong Kong and Taipei was reconvened in June 2013, the previous time dating back to Ma's tenure as Taipei Mayor in 2001. This kind of summit allowed the cities with similar scales to exchange their experiences in city

governance, in which policy transfer was a primary way to learn from each other's experience in different areas (Evans and Davies, 1999). In fact, given that most of these summits were non-political and within the city level, the sub-state level diplomacy provided Taiwan with new opportunities as it could surpass its contested statehood. This strategy of "pragmatic diplomacy" was utilized as a significant channel for Taiwan to break through its diplomatic isolation since the 1990s (van der Pluijm, 2007; Chang, 2005). It also offered a model for Hong Kong and Taiwan to establish normal relations regardless of the cross-strait political atmosphere. Thus, Hong Kong should have also used this dimension to maintain links with Taiwan by building an institutional mechanism for organizing city summits (Shen, 2015). Yet, the government did not tap into such potential fully.

Thirdly, the waiting time for issuing visas for Taiwan's leading officials in Hong Kong was regarded as an indicator of the bilateral relations. For instance, for the Kwang Hwa Information and Culture Center (KHICC, 光華新聞文化中心, Taiwan's Cultural Consulate de facto in Hong Kong), the waiting time for the visa of director Ping Lu (平路) in 2002 was more than a year. However, that time was greatly reduced to less than a month for Lee Ying-ping (李應平) in 2012, which showed the confidence of the Hong Kong government in its friendliness with Taiwan.

Finally, the people's degree of movement freedom also demonstrated how much trust was placed in the other government. Hence, the more liberal the immigration system was towards their residents, the better the relations were. Before 2008, Taiwan residents were allowed to stay in Hong Kong for at most seven days without a permit. The number of days was later extended to 30 days for Taiwan residents with a Mainland Travel Permit. Since the start of September 2012, Taiwan residents have been allowed to complete the immigration

procedures online before they travel. The highly convenient immigration arrangements encouraged the movement of people between the two places.

## **6. When Institutionalization Meets Socio-political Movements**

Although both Hong Kong and Taiwan enjoyed the benefits of institutionalization since Ma's first presidency, the institution encountered challenges in its flexibility in 2014, which ultimately exposed the shortcomings of institutionalization under such context, i.e. failure in promoting co-operation in the face of political conflict related to the Beijing authorities. Although the immediate context of the two large-scale socio-political movements that happened in Taiwan and Hong Kong differed, both predominantly aimed at rebuking the increasing control and influence in respective societies from the Beijing authorities. The Umbrella Movement, which began in October 2014, was a direct response to defy Beijing's control over Hong Kong's democratization, demanding Beijing's restoration of its commitment to granting autonomy to the SAR and striving for genuine universal suffrage (Wong and Chu, 2017; Chan, 2014). In terms of Hong Kong–Taiwan relations, however, the ramifications on bilateral relations were particularly notable after the Sunflower Movement happened from March to April 2014 in Taipei. The movement gave birth to the panic mentality that Taiwan would be “Hongkongized” (Kaeding, 2014), i.e. Taiwan was somehow on the path to post-1997 Hong Kong under the severe manipulation of the so-called “China factor”. Some Taiwanese people were really afraid that a united front (e.g. in economic and mass media aspects) like the one being in Hong Kong was taking place in Taiwan would eventually be forced to unify with the communist mainland, which was against the will of people's majority. This

mentality was clearly reflected in the protestors' slogan, "Today's Hong Kong is the Future of Taiwan", during the Sunflower Movement.

The Sunflower Movement marked a great setback for Beijing's effort since 2008 in attempting to win over the hearts and minds of Taiwan's people by offering economic benefits. More significantly, in the context of Hong Kong–Taiwan relations, rather than attracting Taiwan to unify following the model of Hong Kong, Beijing's plan of applying "One Country, Two Systems" in Taiwan failed spectacularly because of the negative demonstration in Hong Kong for almost 20 years. It begs the question: does Hong Kong still play a mediating role in terms of cross-strait relations?

The two socio-political movements converged the civil societies of Hong Kong and Taiwan to resist their "common enemy". Under such a narrative in the aftermath of the movements, the two societies, especially the socio-political movement activists, became aware of their common experience in resisting the impact of the Beijing authorities. Such realization developed a new dimension in Hong Kong–Taiwan relations that was inactive before, which is the interaction between the civil societies, and their solidarity was apparent. For instance, Joshua Wong (黃之鋒), one of the leading activists in the Umbrella Movement who has enjoyed international popularity since the Anti-National Education Movement in 2012, paid frequent visits to Taiwan to express their determination to fight for democracy and share their experiences with the leaders of the Sunflower Movement, Lin Fei-fan (林飛帆) and Chen Wei-ting (陳為廷), after their movements. Apart from the mainstream activists, another group of activists labelled as "localists" emerged after the Umbrella Movement, which predominantly strived for Hong Kong's self-determination and independence. Localists also visited Taiwan and shared their experience with their counterparts in Taiwan for the first time in May 2015. However, it was subsequently

labelled “the collusion between members of Hong Kong and Taiwan independence” by the Taiwan Affairs Office (TAO, 國務院台灣事務辦公室 / 國台辦) of the Beijing authorities. Such political judgment has revealed Beijing’s suspicious attitude towards civil interactions between Hong Kong and Taiwan that were once encouraged after the handover.

Theoretically, this type of “new public diplomacy” (Melissen (ed.), 2005), where diplomatic practices are not limited to between governments but also among people, could be the potential new dimension for the demonstration of the discredited model of “One Country, Two Systems” where different views and opinions were tolerated in Hong Kong society. Public diplomacy has provided great potential for delivering soft power for a country (Nye, 2008), which the Hong Kong and Beijing authorities desperately need to convince Taiwan to accept any form of unification (Wang, 2008). However, given Beijing’s hostile attitudes since the mid-2010s, these interactions were not relished by the Hong Kong government and were even worsening the existing Hong Kong–Taiwan official links under the institutional structure. Under Beijing’s authoritarian context and its growing control in Hong Kong, they were unfortunately considered threats to regime security, which is of prime importance to the communist rule. Thus, to prevent the possible embarrassment to the Beijing authorities, their visa applications were immediately rejected by the Hong Kong government without any reason when the Taiwan civil society activists planned to meet their counterparts in Hong Kong and participate in the 1 July Rally in 2014. This was the first time that Taiwan residents without any political party backgrounds were refused entry. This official decision sent a clear message that the Hong Kong government did not welcome people who were considered threatening from Beijing’s perspective. Not only did this rejection violate the “Qian’s seven rules” of encouraging interactions between civil societies, but it also fed into the perception

that “One Country, Two Systems” only existed in its name, which is exactly what socio-political activists in both societies believed. In other words, the Hong Kong government did not tackle the root problem but only fueled the support of the socio-political activists at home and abroad and legitimated their frequent exchange. As a result, this incident failed to discourage the interactions of the socio-political activists but only stimulated more of them to express their agency. Nevertheless, in the whole situation, institutions’ supposedly role of defusing potential conflicts before they happened was sidelined.

## **7. The Myths of Institutionalization for Sub-state Level Bilateral Relations**

Despite the uncertain factors affecting Hong Kong–Taiwan relations, the institutionalized interactions in the immediate aftermath of the socio-political movements during the Ma administration were not disrupted. Joint meetings between ECCPC and THEC were organized in December 2014 and September 2015, albeit with less agreements achieved. Two further meetings were held, but the issues touched on lacked any follow-up. One of the platform’s achievements was the inter-cities forums co-operated with Taichung (July 2014) and Taoyuan (August 2015) to exchange their experiences in tourism, air travel and logistics. The Hong Kong-Taoyuan Summit was particularly significant because it was the first one held between Hong Kong and the DPP city government. The summit demonstrated that city diplomacy between Hong Kong and Taiwan was a possible strategy to bypass party lines and political disputes. Nevertheless, these exchanges were only possible since the KMT remained in power. Interactions and communication as a result of institutionalization only work when cross-strait relations are friendly. Moreover, the efficacy of these meetings cannot be denied, but these

forums were on an ad hoc rather than a regular basis where a resolution mechanism could be devised at times of conflict. Such distinction proved to be significant as it failed to take advantage of one of the key merits of institutionalization in providing valuable information of the other side to maintain cooperation in times of disagreement (Keohane and Martin, 1995).

When it came to an economic cooperation framework like the cross-strait Economic Cooperation Framework Agreement (ECFA), one of the most important agreements that would deliver concrete benefits and one of the most vocal demands of Hong Kong's top officials to maximize the economic synergistic effect among the greater China, the institutionalized interactions failed in reaching an agreement. Hong Kong top officials had repeatedly proposed negotiations in the councils to secure the complimentary production chain for Hong Kong, but Taiwan's reaction was lukewarm. Both sides only fudged the issue by "studying the possibility" of building such a framework. Taiwan representatives had only responded to repeated calls with "considerations" over the years but refused to enter into any negotiation timetables. This rejection revealed one of the major limitations in interactions of Hong Kong–Taiwan relations, i.e. when the relations became tense, such kind of agendas were dropped altogether. This example urges reflection on how far these institutionalized councils could sustain the shocks in the cross-strait relations since the mid-2010s. Rather than fostering economic cooperation out of the self-interest of both sides, institutionalization only brought formalization of the meetings and some technical sectoral deals that failed to deliver overwhelming benefits.

Economically speaking after signing ECFA with Beijing in 2010, the previous transit role of Hong Kong in cross-strait trade was compromised. During 2010–2016, the annual growth rate of the cross-

strait trade re-exporting through Hong Kong was only 6.4 percent, which decreased from 8.5 percent during 2004–2010. The annual growth rate of the Hong Kong–Taiwan trade during 2010–2016 was 3.57 percent, which decreased from 6.34 percent during 2004–2010 (Chiu and Law, 2020). The trading relations with the Chinese mainland were diversified to other Chinese cities instead of centralized in Hong Kong as the distribution center. Consequently, Taiwan did not feel any urgency to enter similar agreements with Hong Kong, as admitted by the director of the Hong Kong Economic, Trade and Cultural Office. Without such agreement, however, Hong Kong’s economic development became lagging behind in a world with increasing emphasis on connectivity within a production chain of the regional economy (Khanna, 2016). Hong Kong as a city must especially engage in the network of the regionalization of trade in a globalized world. This was why Hong Kong’s top officials had been so enthusiastic about it, and its failure to negotiate such an agreement bore more significant consequences than those fragmented agreements in various fields achieved by the mutual platform.

The limitations of institutionalization under such a context were exposed when DPP’s Tsai Ing-wen (蔡英文) was elected as President in January 2016. Since the Sunflower Movement’s poor management of the KMT consequently won the DPP a landslide election, a tough attitude, at least through political rhetoric, towards cross-strait relations was expected by the voters. For instance, Tsai refused to recognize the “1992 Consensus” but only to accept the “historical fact” of the “1992 Negotiations”, a red line for Beijing’s “One China Principle”, which has certainly enraged the Beijing authorities. This showdown by the DPP administration under such unconventional cross-strait settings squeezed out the constructive ambiguity in Hong Kong–Taiwan relations, which was key to the bilateral cooperation.



Nevertheless, in the previous DPP administration under Chen Shui-bian, when cross-strait relations were strained, Hong Kong was often utilized as the strategically ambiguous channel to have informal communications for both sides to settle their conflicts, which was also one of the priorities for Hong Kong–Taiwan relations. Yet this function was lost through all the efforts of institutionalization and interactions of social activists that raised the defence mechanism of the Beijing authorities. As a result, this period was the lowest point in the 20-year relations between Hong Kong and Taiwan. Instead of performing the role of defusing conflicts, the degree of inharmony between the two governments was comparable to, if not worse than, that cross-strait relations.

Due to institutionalization, all official ties abruptly collapsed after Tsai won the presidential election. Mutual visits of senior officials or party leaders ended (Table 1) (Chiu and Law, 2020). The meetings between the ECCPC and THPC stopped. The trust and friendship that had been established over the years was replaced by a war of words between the two governments. Again, the social activists were caught in the middle, which alerted the Hong Kong government to shut out any possible “danger”. For instance, responding to the reports that Taiwan’s New Power Party (NPP, 時代力量) would campaign for Youngspiration (青年新政), the Hong Kong localist organization standing for the Legislative Council in 2016, the Hong Kong government explicitly dismissed the possible visit even before the reports were confirmed. The Hong Kong authorities also warned against intervening with Hong Kong’s internal affairs when the MAC recognized the democratic legitimacy of the two then-disqualified Legislative Councilors, Yau Wai-ching (游蕙禎) and Baggio Leung (梁頌恆) from Youngspiration. This was the first time such a warning

was made against the Taiwan authorities. Hong Kong government's response demonstrated the huge concern and sensitivity towards the comments made by the new Taiwan government. The most significant factor that led to the deterioration of Hong Kong–Taiwan relations was undoubtedly a pro-independence DPP that came into power in Taiwan. The original intention of encouraging Hong Kong–Taiwan interactions and devising Hong Kong as the leverage in cross-strait relations was no longer relevant. It demonstrated a subtle change in the role of Hong Kong in cross-strait relations, diminishing as a mediating point for mutual negotiations in times of tension. The strategic ambiguity between Hong Kong and Taiwan was replaced by explicit clarity to indicate that Hong Kong is part of the PRC and follows Beijing's cross-strait policies strictly.

**Table 1** Number of Mutual Visits by Senior Officials and High-profile Politicians in Each Administration (Including Transit)

| Hong Kong government | Tung Chee-hwa era (1997–2005) |                            | Donald Tsang era (2005–2012) |                          | Leung Chun-ying era (2012–2017) |                          | Carrie Lam era (2017–2022) |
|----------------------|-------------------------------|----------------------------|------------------------------|--------------------------|---------------------------------|--------------------------|----------------------------|
| Taiwan government    | Lee Teng-hui (1997–2001)      | Chen Shui-bian (2001–2005) | Chen Shui-bian (2005–2008)   | Ma Ying-jeou (2008–2012) | Ma Ying-jeou (2012–2016)        | Tsai Ing-wen (2016–2017) | Tsai Ing-wen (2017–2022)   |
| Number of visits     | 2                             | 2                          | 4                            | 21                       | 16                              | 0                        | 1                          |
| <b>Total</b>         | <b>4</b>                      |                            | <b>25</b>                    |                          | <b>16</b>                       |                          | <b>1</b>                   |

Meanwhile, despite the cut-off of interactions at the institutionalized official level, when the action of control towards dissent escalated, the cooperation between Hong Kong and Taiwan civil societies was only further fueled up. Otherwise, these two societies would not have shared a “common enemy”. Between Tsai’s victory in the election to the end of Leung’s administration, the social activists of Hong Kong publicly visited Taiwan at least five times to seek support and discuss strategies that could break through the deadlock in Hong Kong society under Beijing’s control, the most frequent period since the handover. As a gesture of solidarity, the NPP and DPP members of Taiwan’s Legislative Yuan (中華民國立法院) formed a front concerning Hong Kong’s democratization. These actions reinforced the aforementioned intrinsic inertia of the Hong Kong government created by the institutionalization of Hong Kong–Taiwan relations. In other words, the Hong Kong government has been increasingly cautious and defensive in dealing with the relations with Taiwan. Since Beijing has been more directly intervening in Hong Kong affairs, the government has avoided making delicate decisions and has looked to Beijing to avoid any political responsibilities concerning the sensitive cross-strait issues. As a result, in August 2016, the TAO and the Beijing authorities’ Liaison Office in Hong Kong (香港中聯辦) decided to refuse the entry of any DPP politicians with official positions to Hong Kong. It was the first time such a decision was made by the Beijing authorities instead of the Hong Kong government, which demonstrated the shift of decision-making power from Hong Kong to Beijing regarding its relations with Taiwan. Many popular public figures from Taiwan, regardless of political affiliation, were also refused entry subsequently. Such a trend damaged the distinctiveness of Hong Kong, which was not conducive to the reconciliation of Hong Kong and Taiwan. The loss of autonomy of

Hong Kong in dealing with its relations with Taiwan only contributed to the homogenization of Hong Kong–Taiwan relations and cross-strait relations. The former took a drastic turn for the worse during the era of Leung Chun-ying who succeeded Donald Tsang (曾蔭權) as CE in 2012 (Table 2) (Chiu and Law, 2020).

**Table 2** Important Events in Hong Kong–Taiwan Relations during Leung Chun-ying Era

|                  |   |
|------------------|---|
| July 2012        | C.Y. Leung (梁振英) becomes the Chief Executive of Hong Kong.  |
| September 2012   | Third meeting between ECCPC and THEC.   |
| September 2012   | C.Y. Leung shares his views on Hong Kong–Taiwan relations for the first time.   |
| November 2012    | Hong Kong’s Secretary for Home Affairs Tsang Tak-sing (曾德成) visits Taiwan, and Taiwan’s Culture Minister Lung Ying-tai (龍應台) visits Hong Kong.  |
| March 2013       | Taiwan President Ma Ying-jeou (馬英九) regards the bilateral relations as in their “best period”.  |
| April 2013       | C.Y. Leung urges Hong Kong and Taiwan to sign economic agreements like ECFA.  |
| June 2013        | Hong Kong–Taipei City Summit reconvenes.  |
| June & July 2013 | DPP’s Frank Hsieh (謝長廷) and William Lai (賴清德) visit Hong Kong.  |
| September 2013   | Fourth meeting between ECCPC and THEC.  |
| October 2013     | Social activists including Chu Yiu-ming (朱耀明) meet with their counterparts in Taiwan including Shih Ming-teh (施明德).   |
| March 2014       | Sunflower Movement in Taipei.   |
| May 2014         | Joshua Wong (黃之鋒) visits Taiwanese activists including Lin Fei-fan (林飛帆) and Chen Wei-ting (陳為廷).   |
| June 2014        | Sunflower activists are rejected entry to Hong Kong.  |
| July 2014        | Hong Kong–Taichung City Summit.   |
| September 2014   | Occupy Central campaign in Hong Kong.   |
| December 2014    | Fifth meeting between the ECCPC and THEC.   |
| March 2015       | New Taipei City Mayor Eric Chu (朱立倫) visits Hong Kong.  |
| May 2015         | Localist Chin Wan (陳雲) visits Taiwan to share experiences with independence activist Lin Cho-shui (林濁水).  |
| August 2015      | Hong Kong–Taoyuan City Summit.  |
| September 2015   | Sixth meeting between ECCPC and THEC.   |
| January 2016     | DPP’s Tsai Ing-wen (蔡英文) is elected President of Taiwan.  |
| March 2016       | National University saga.   |
| August 2016      | Former KMT and DPP politicians are rejected entry to Hong Kong.   |
| October 2016     | Localist Legislative Councilor Baggio Leung (梁頌恆) and Yau Wai-ching (游蕙禎) meet with pro-independence activists in Taiwan, characterized by Beijing’s Taiwan Affairs Office as “joining of two independence forces”. |
| October 2016     | Hong Kong government warns against Taiwan’s intervention in internal affairs.   |
| December 2016    | Hong Kong National Party (香港民族黨) convener Andy Chan Ho-tin (陳浩天) visits Taiwan.   |
| June 2017        | Taiwan Congressional Hong Kong Caucus is inaugurated. Hong Kong Legislative Councilors and activists are invited.   |

The situation further deteriorated in Hong Kong under the Carrie Lam (林鄭月娥) administration (2017-2022). Lu Chang-shui (盧長水), who was supposed to come to be Taiwan's Consul de facto in Hong Kong in July 2018, failed to be issued a visa by the Hong Kong government. The story of Kwang Hwa Information and Culture Center was similar, i.e. successor from Taiwan was not facilitated by the Hong Kong government to come after its last director's duty was finished in December 2018. In March 2019, the popular KMT Kaohsiung Mayor Daniel Han (韓國瑜, who became Tsai's KMT rival in the presidential election 2020) transited Hong Kong for one day before his high-profile visit to the Chinese mainland, the SAR government's official reception process was significantly dwarfed, could only become an unimportant pawn for the Beijing authorities to put the KMT into its united front for boycotting the DPP. Han became the only senior official visit that was undertaken between Hong Kong and Taiwan during Carrie Lam's era.

The outbreak of the Anti-Extradition Law Movement (AELM) in Hong Kong in June 2019 was also triggered by the loss of flexibility in Hong Kong–Taiwan relations, as the two governments were unable to resolve the extradition of a Hong Kong man in a murder case happened in Taiwan. During this unprecedentedly large-scale socio-political movement, on the one hand, Taiwan's politicians and people gave great support to Hong Kong civil society's struggle for democracy in terms of public opinion, materials and concrete measures. On the other hand, Beijing authorities offered strong recognition of the Hong Kong police's heavy-handed crackdown on the protests. Civil societies of Taiwan and Hong Kong became more united in terms of their resistance to the "bullying" from Beijing, and the image of "One Country, Two Systems" was rotten to be irretrievable in these two societies (Ma, 2020).

“Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region” ( 中華人民共和國香港特別行政區維護國家安全法 ) was enacted in the summer of 2020, legally claimed Taiwan as an “external force” and the risk for Hong Kong–Taiwan interactions to carry the charge of “collusion with external forces”. Since 2020, Taiwan’s National Day activities in Hong Kong, which were never interrupted after the 1967 Leftist Riot, have been prohibited to be held both outdoors and indoors. In June 2021, The Taiwan government recalled all the Taiwanese staff working at the Taipei Economic and Cultural Office in Hong Kong (TECO, 臺北經濟文化辦事處, Taiwan’s Consulate de facto in Hong Kong) due to the Hong Kong government demanding them to sign a document supporting “1992 Consensus” or no visa would be renewed. All these actions practically imply that attempting progress through the institutionalization model to facilitate Taiwan-Hong Kong relations is almost impossible after the AELM.

Since Taiwan–Hong Kong relations were locked into this pattern of interaction by institutionalization, the change of Hong Kong CE in July 2022 did not resolve much of the trajectory. If anything, the antagonization between the two sides under Lee Ka-chiu ( 李家超 ) became even more imprudent. The homogenization of Hong Kong and Beijing authorities in dealing with Taiwan incidents was not just reflected in the actions but also in its rhetoric. In response to the United States House of Representatives Speaker Nancy Pelosi’s visit to Taiwan, Lee Ka-chiu followed the same language as Beijing’s response, condemning the visit as “interfering with China’s domestic affairs” and “infringement of China’s sovereignty and territorial integrity”. When the Beijing authorities published the “White Paper on the Taiwan Question” shortly afterwards, the CE quickly issued his support for Beijing to “show its resolve to achieve unification of the motherland”. It was the

first time the CE of Hong Kong engaged in the cross-Strait quarrel in such a high-profile manner and backed up by the team of principal officials.

On the other hand, Taiwan was increasingly treating Hong Kong as if it were part of Mainland China. The special status that was given to Hong Kong citizens previously began to be rescinded gradually since the promulgation of the Hong Kong National Security Law, making it harder for them to visit and settle in Taiwan. For instance, when pro-democracy District Councilors in Hong Kong applied for visas to visit Taiwan, their applications were unprecedentedly rejected on “national security” grounds (*Ming Pao*, 7th April 2023). The rules of immigration for Hong Kong people to settle in Taiwan have been tightened since 2020. In March 2020, the Taiwan government raised the threshold of investment migration. In addition to the amount of investment, the applicant also has to open an actual store, hire Taiwanese staffers and operate continuously for at least three years. The government subsequently considered in 2023 raising the bar for all Hong Kong immigrants applying for permanent residence in Taiwan from one year to four years, regarding them as the same as foreign citizens who wish to apply for settlement (Chen, 2023).

## **8. Conclusion: No More the Patented Player of Cross-Strait Strategy?**

Although the neoliberal institutionalist theory predicts institutionalization of international relations would bring about closer cooperation between states, this article has argued that institutionalization of sub-state diplomacy does not necessarily contribute to the intensification of cooperation. Instead, this case study demonstrated that the policies of the state that cities belong to and the

domestic developments within cities are important factors that have an effect on the efficacy of the institutionalization of city diplomacy. It contributes to the growing literature on international relations at a sub-state level in challenging the existing discipline's examination that has been dominantly focused on states. Also, a critical review of the variations in cooperation driven by sub-state level diplomacy an institutionalism perspective is not absent, but mainly on cases in the Western world and non-political issues (Alvarez, 2020; Royles, 2017).

Under the special context of Hong Kong and Taiwan, institutionalized interactions endowed the "state" status of Taiwan, which violated Beijing's red lines of maintaining interactions between Hong Kong and Taiwan informal and unofficial. It also weakened the strategic ambiguity for Hong Kong to perform the role of mediator between cross-strait relations. Despite the promising signs during its early stage, the shortcomings of institutionalization were immediately evident since the DPP came into power. In the early period since the handover when Hong Kong–Taiwan relations were conducted informally, links between the two societies could be maintained despite the cross-strait tensions during the DPP administration. This heyday of relations has been replaced by hostility towards Taiwan under the Tsai administration since 2016.

Although both sides have hoped to facilitate cooperation through institutionalization since the handover, such goodwill has not been transformed into much more concrete economic and political benefits. Institutionalization has brought about certain agreements, such as the intensification of the movement of people between the two sides, increased direct flights and other numerous technical agreements. However, other important deals, such as a comprehensive free-trade agreement, have not been negotiated even when ECFA could be



completed between Beijing and Taiwan. The two heads of successive governments have never visited each other.

Apart from conveniently attributing the fluctuation to the uncertainties and instabilities in the development of cross-strait relations, especially under the Lee Teng-hui and Chen Shui-bian administrations in Taiwan (Wong, 2007), the developments of the wider environment have also been unfavourable for the development of Hong Kong–Taiwan relations. Two main changes have occurred. Firstly, the gradual liberalization of trade since the beginning of the 2000s by the successive governments of Taiwan and the ratification of ECFA between the two sides have significantly diminished the economic role of Hong Kong as a transit point of trade to the Chinese mainland. In other words, Hong Kong has lost its economic leverage against the Chinese mainland and Taiwan.

Secondly, as a response to Taiwan's violation of red lines, the Beijing authorities have supposedly been tightening their control on Hong Kong on all fronts, including Hong Kong's decision-making concerning relations with Taiwan. Whether the analysis is true, this perception undeniably weakens the distinctiveness and autonomy of Hong Kong in cross-strait relations. In the broader context, this analysis can also be regarded as Beijing's overall strategy to neutralize or marginalize Hong Kong against other rising Chinese coastal cities. These circumstances have diminished the political role of Hong Kong as a unique mediator in cross-strait relations. Thus, Hong Kong–Taiwan relations unsurprisingly look increasingly anchored in the fate of cross-strait relations, deviating from its role in the early era. Institutionalization under such a context only made the situation worse.

City diplomacy has always been a strength of both Hong Kong and Taiwanese cities to reach out to other cities around the world. It is also another good channel for sub-state governments to represent themselves in the international arena and to develop interactions on more apolitical issues (van der Pluijm, 2007). Taiwanese cities have been very active in establishing sister and friendship cities worldwide to break through the diplomatic isolation on state level. During Tsai's presidency, six special municipalities of Taiwan developed at least 67 such city-to-city relations, and the quantity increased by more than 30 percent (Table 3).

**Table 3** Sister/Friendship Cities of Taiwan's Special Municipalities

| <b>Six main cities of Taiwan</b> | <b>Total number of sister/friendship cities</b> | <b>Sister/friendship cities since 20<sup>th</sup> May 2016</b> |
|----------------------------------|---|--|
| <b>Taipei</b>                    | <b>51</b>                                       | <b>5</b>   |
| <b>New Taipei</b>                | <b>55</b>                                       | <b>10</b>  |
| <b>Taoyuan</b>                   | <b>35</b>                                       | <b>18</b>  |
| <b>Taichung</b>                  | <b>40</b>                                       | <b>14</b>  |
| <b>Tainan</b>                    | <b>49</b>                                       | <b>12</b>  |
| <b>Kaohsiung</b>                 | <b>38</b>                                       | <b>8</b>   |

Back in 2001, Hong Kong and Taipei reconvening their inter-city forum despite the hostile rhetoric made by then-President Chen was a perfect demonstration of what city diplomacy is for. However, as a result of institutionalization, while the inter-city forums have been organized between Shanghai and Taipei every year since 2010 and KMT ex-Chairman Eric Chu (朱立倫) could visit Nanjing and Shanghai as New Taipei Mayor in 2018 without any disruption, the relations between Hong Kong and Taipei and other Taiwan cities are still in deadlock. While the Kaohsiung government received the Governor of Yamagata Prefecture of Japan without any opposition from the Beijing authorities in 2018 (*Taro News*, 28th May 2018), the Hong Kong government repeatedly ignored the invitation by the Taipei government, fearing the discontent from Beijing. On one hand, this showed the sensitivity of this pair of relations was complicated by the societal interactions. On the other hand, it also reflects the Hong Kong bureaucrats' lack of capability and ambition to take the sub-state level diplomatic initiative as a result of the more institutionalized approach to interactions.

Fourteen years ago, an important think-tank on the diplomatic policy of the Beijing authorities have used to define the functional role of Hong Kong in China's city diplomacy strategy according to such a way that "Hong Kong has a well-developed economy, a mature civil society, and has great advantages in conducting public diplomacy, promoting people-to-people exchanges and expanding its soft power." (Shanghai Institute for International Studies, 2009: 8). However, in recent years the Beijing authorities has been using city diplomacy to strive united front for cross-strait relations directly by cities of the Chinese mainland. In fact, since the Sunflower Movement in March 2014, although the cross-strait relations were somehow damaged, mayors of the six special municipalities have visited cities in the

Chinese mainland ten times (Table 4). Mayors and county chiefs were also invited to Beijing to meet with the Taiwan Affairs Office after Tsai came into power. So long as the aforementioned factors remain, the Hong Kong Special Administrative Region is considered not necessarily the patented player of the city diplomacy strategy, and the prospect of Hong Kong–Taiwan relations is bleak.

**Table 4** Visits to the Chinese Mainland by Taiwan Cities’ Leaders

| <b>Time</b>           | <b>Event</b>   |
|-----------------------|--|
| <b>June 2014</b>      | <b>Tainan Mayor William Lai (賴清德) visited Shanghai with city government officials.</b>   |
| <b>May 2015</b>       | <b>New Taipei Mayor Eric Chu (朱立倫) visited Shanghai for the KMT-CCP forum and met Chinese President Xi Jinping (習近平) in Beijing.</b> |
| <b>August 2015</b>    | <b>Taipei Mayor Ko Wen-je (柯文哲) visited Shanghai to attend the Taipei-Shanghai city forum for the first time as mayor.</b>           |
| <b>September 2016</b> | <b>Eight county chiefs were invited by the Taiwan Affairs Office to visit Beijing.</b>   |
| <b>July 2017</b>      | <b>Ko Wen-je visited Shanghai for the city forum.</b>  |
| <b>March 2018</b>     | <b>Eric Chu visited Nanjing and Shanghai, met Taiwanese working and studying in Chinese mainland.</b>                                |
| <b>March 2019</b>     | <b>Kaohsiung Mayor Han Kuo-yu (韓國瑜) visited Shenzhen and Xiamen after visiting Hong Kong.</b>  |
| <b>July 2019</b>      | <b>Ko Wen-je visited Shanghai for the third time as Taipei mayor.</b>  |
| <b>September 2019</b> | <b>Taichung Deputy Mayor Bruce Linghu (令狐榮達) visited Fujian and Zhejiang with city government officials.</b>                         |
| <b>August 2023</b>    | <b>Taipei Mayor Wayne Chiang (蔣萬安) visited Shanghai for the city forum.</b>  |

## Notes

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