

## Department of Justice's response to media enquiries

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In response to media enquiries about a recent commentary published in the Asia Business Law Journal, a spokesman for the Department of Justice said today (December 24) that the comments concerning uncertainty about the legal environment of Hong Kong covered in the relevant interview article are unfair criticisms far from the truth.

The spokesman pointed out that the preservation of the common law system, including independent judiciary, in Hong Kong since its return to the motherland in 1997 is explicitly provided in the Basic Law. President Xi Jinping further stressed in his address at the meeting celebrating the 25th anniversary of Hong Kong's return to the motherland on July 1, 2022 that "one country, two systems" is a good policy widely accepted by the international community and must be adhered to in the long run. There is no doubt that "one country, two systems" and Hong Kong's common law system shall long continue in the future.

Hong Kong's common law system has a very strong heritage, under which our arbitration enjoys a very good reputation and increasing recognition in the global community. Since 2015, Hong Kong has become among the top five preferred seats for arbitration globally, according to the International Arbitration Survey conducted by Queen Mary University of London. In the most recent 2021 International Arbitration Survey, Hong Kong was ranked the third most popular seat for arbitration.

There is no evidence that the number of arbitration in Hong Kong has decreased; quite the contrary, it has been increasing. According to the statistics of Hong Kong International Arbitration Centre (HKIAC), our home-grown and internationally-known dispute resolution institution, a total of 514 cases were submitted to HKIAC in 2021. Of those cases, 277 were arbitrations. 81.6 per cent of all arbitrations submitted were international in nature; 38.3 per cent involved no Hong Kong parties and 7.6 per cent involved no Asian parties.

Our legislative framework for arbitration is also comprehensive and stays abreast of international developments. In addition to the third party funding of arbitration, Hong Kong has recently fully implemented the outcome related fee structures for arbitration regime in December 2022, providing further flexible funding options to suit the needs of the parties.

It is most critical to note that Hong Kong enjoys a unique advantage in international arbitration that no other jurisdiction can compete, which is the breadth and depth of the mutual legal assistance framework established between the Mainland and Hong Kong.

In the area of arbitration, we have concluded three relevant arrangements, which include an arrangement and a supplemental arrangement concerning mutual enforcement of arbitral awards, as well as an arrangement concerning mutual assistance in court-ordered interim measures in aid of arbitral proceedings. These arrangements enable parties making contract with Mainland parties, or doing business there, to have much more effective and convenient means to use arbitration to resolve disputes.

Being the only common law jurisdiction in China, Hong Kong will continue to enhance our mutual legal assistance framework with the Mainland in the future. It is also a national policy of China to develop Hong Kong into an international legal and dispute resolution services centre in the Asia Pacific region. Indeed, the recent announcement to establish in Hong Kong the Preparatory Office of the International Organization for Mediation, an international organisation which aims to provide friendly, flexible, economical and efficient mediation services for international disputes, is the best evidence of the confidence and support given by the Central Authorities.

The Hong Kong Special Administrative Region Government and arbitration institutions in Hong Kong are united in their determination to make Hong Kong an even better seat of arbitration. We are confident that we will succeed.

Ends/Saturday, December 24, 2022