

LCQ8: United States' imposition of additional duty on products of Hong Kong

Following is a question by the Hon Tommy Cheung and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (March 26):

Question:

The United States (US) Government has imposed additional duties on products from China, and Hong Kong products are likewise subject to such additional duties. As at the fourth of this month, a cumulative 20 per cent duty has been imposed on Hong Kong products. In this connection, will the Government inform this Council:

(1) of the Government's progress in filing a complaint regarding the matter with the World Trade Organization to defend Hong Kong's legitimate rights; whether it has estimated how long it will take to process the complaint;

(2) whether the Government will consider working with the country to take countermeasures, including imposing additional duties on certain US products and placing some US enterprises on the export control list; if so, of the details; if not, the reasons for that; and

(3) how the Government assesses the impacts of the additional duties on the exports of Hong Kong products, and of the proactive corresponding measures to minimise the negative impacts and identify new opportunities?

Reply:

President,

The United States (US)'s imposition of additional tariffs on products of Hong Kong undermines the rule-based multilateral trading system, is grossly inconsistent with the relevant World Trade Organization (WTO) rules and ignores Hong Kong's status as a separate customs territory as stipulated in Article 116 of the Basic Law and recognised by the WTO. As announced earlier, the Hong Kong Special Administrative Region (HKSAR) Government will file a complaint against the US's measure in accordance with the WTO dispute settlement mechanism. We are now mapping out the strategy and taking forward the relevant work progressively. Generally speaking, the time required for handling individual WTO dispute cases would depend on different factors such as the complexity of the case, the progress and outcome of the consultations between the disputing parties involved, etc. With reference to previous cases, the time required is generally measured in years, and there is no specific time limit.

The US's additional 20 per cent tariffs on Hong Kong products would inevitably affect export of Hong Kong products to the US, particularly in the short term. That said, the domestic exports value of Hong Kong products to the US is relatively small in terms of Hong Kong's total trade value. In 2024, the domestic exports value of relevant products to the US was about HK\$5.9 billion, accounting for about 0.1 per cent of Hong Kong's total exports value and about 0.06 per cent of Hong Kong's total trade value. Given the foregoing, it is estimated that the US's tariff measures on Hong Kong products would have a limited impact on Hong Kong's overall merchandise trade. On the other hand, Hong Kong enterprises have responded to market changes through various arrangements, such as reintegrating supply chains, and exploring different emerging markets as well as different means including e-commerce in recent years. It is expected that the above measures would offset, to a certain extent, the possible impact brought about by the US tariffs.

As the founding member of the WTO, Hong Kong has been a staunch supporter of a rule-based multilateral trading system, and commended by WTO members on various occasions for our continued adoption of free and open trade policies. We are one of the most open economies welcoming trade and investments, and have never imposed any tariffs on imported goods. Notwithstanding this, to tackle unfair trade practices targeting Hong Kong and in light of the evolving international trade landscape, the HKSAR Government has been actively expanding the economic and trade network and exploring development opportunities in markets with potential, especially emerging markets. At the same time, in order to help the trade cope with the various challenges (including the impact of the US's tariffs), the HKSAR Government has been providing assistance to the trade, including keeping them abreast of the latest developments through disseminating relevant trade information to the trade via different channels and implementing various funding schemes to assist the trade in enhancing their competitiveness and exploring diversified markets.

The HKSAR Government will continue with the relevant work. In the meantime, we will closely monitor the situation with a view to considering further follow-up.