

SCED speaks on trade issues (with video)

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session on matters relating to trade conflict between China and the United States (US) after meeting with representatives of major chambers of commerce and associations of small and medium enterprises today (August 27):

Reporter: Two questions, one for Mr Yau, the other one for either of you (Chairman of the Federation of Hong Kong Industries, Dr Daniel Yip; and the President of the Chinese Manufacturers' Association of Hong Kong, Dr Dennis Ng). What is the exact percentage of the impact of these tariffs on the goods that went through Hong Kong to the US or both ways, in terms of last year's trade figures and in the first half of this year? And the second question is: have you seen any lay-offs or shut down of companies arising from this trade war situation?

Secretary for Commerce and Economic Development: In terms of US-China trade, in aggregate terms, seven per cent of US imports from China comes through Hong Kong, and the other way round, US products coming to China through Hong Kong accounts for about two per cent. So as a whole, nine per cent of Hong Kong's imports and exports is related to US-China trade. In statistical terms, that accounts for less than 10 per cent of our overall trade.

But of course, we are not talking about just commodity trade. With the heightened tariffs and the very extensive coverage of almost all the products, basically, I think it is a total war in terms of commodity trade. With a very heavy and inhibitive tariff imposed on trading between these two countries, plus the fact that the US and China are the world's biggest trading partners, the impact of a trade war onto other economic areas cannot be underestimated.

In the earlier estimate last year, we were talking about the initial phase of 25 per cent (US tariff) imposed on some of the (Chinese) products, at that time, some economists were estimating that the impact on Hong Kong's GDP (Gross Domestic Product) would range from 0.1 to 0.2 per cent. But as a matter of fact, Hong Kong's economy suffered a stronger hit on that basis.

Talking about the new wave of heightened tariffs and a wider coverage, the direct impact might be smaller than the initial phase because of the marginal increase and the additional coverage. The indirect impact and the collateral damage, will certainly be no less than last time, because we are talking about a total coverage of all the commodities and very inhibitive tariffs imposed on each other. I think that would be our worry.

Reporter: So less than 10 per cent, do you mean the new tariffs or just the previous tariffs?

Secretary for Commerce and Economic Development: Including both.

(Please also refer to the Chinese portion of the transcript.)