

SCED speaks on trade issues

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session on the impact of trade conflict between China and the United States (US) on Hong Kong after a meeting with representatives of major chambers of commerce and associations of small and medium enterprises (SMEs) today (September 19):

Reporter: Can you reveal the figures in terms of trade that will be affected by this trade war? How would that affect the overall situation of Hong Kong and Hong Kong's economy?

Secretary for Commerce and Economic Development: In terms of figures, I do not have anything new to add. We have already done some calculations last time that if the US is imposing a US\$200 billion list of increased tariff, it would basically affect roughly 49 per cent of Chinese products going to America through Hong Kong. Those figures are now slightly adjusted downward by half percentage point, because 286 items have been taken out after the public consultation. But by and large, it is still about roughly half of Chinese products going to the US through Hong Kong. The other way round on America's export to China via Hong Kong, a list worth US\$60 billion is now being imposed as a counter measure. That would constitute about 70 per cent of such goods coming from the US via Hong Kong to the Mainland.

I think it is not just the percentage or the amount. I think what worries the trade is in fact whether this is "that's all", or would there be any topping up again and again. The originally proposed 25 per cent is now down to 10 per cent, but still hanging in the air is that whether the 25 per cent will be kicking in by early next year, if not earlier. These are the difficulties and that is why the uncertainty is still prevailing. Therefore, measures that we are proposing, for instance, the increasing export insurance for SMEs is so important. And that is why we are stepping up measures as outlined just now.

Reporter: What are the sectors that fall victim to this trade war?

Secretary for Commerce and Economic Development: If you look at the list with almost 6 000 items, it basically covers a wide spectrum of products and trade. It involves not just products entirely produced in the Mainland, as in this supply chain situation, this would involve products which are made in various places, some might be assembled in the Mainland. We are talking about a very extensive list, it is hard to pin down on a specific industry, particularly with such a widespread coverage of it.

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