

SCED speaks on US' new rule on origin marking of Hong Kong products

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, on the new rule of the United States (US) on origin marking of Hong Kong products at a media session after meeting with major local trade chambers today (August 13):

Reporter: Just now you said the US may have violated certain WTO (World Trade Organization) rules. Could you elaborate a little bit more on that? What exact rules has it violated and what concrete actions would the Government take in response to that? Secondly, how big of an impact do you think the new US measure would have on Hong Kong businesses? What kind of confusion has this new measure caused to businesses so far? And apart from the actual financial impact, do you think this will also have an impact on Hong Kong products as an international brand? Thirdly, over the US' sanctions on the 11 SAR and Mainland officials earlier on, you said that the Government would consider taking counter-measures against the US. What kind of counter-measures are you talking about here? And are you also worried that you may be the next target?

Secretary for Commerce and Economic Development: Thank you for the questions. I'll combine question one with question three (in answering). The US' recent attempt to impose an origin marking requirement on Hong Kong products is basically asking Hong Kong traders to tell a lie that products made in Hong Kong would be misdescribed as "made in China". So by common sense, by international practices of origin rules, and by WTO requirements, all these are exceptions and unacceptable. For a product made in Hong Kong, being a separate customs territory and a WTO member, we have to call a spade a spade. How could a Hong Kong-made product be mislabelled as (being from) some other places? Put it simply, could a Canadian product be labelled as US-made or a Mexican one? I think it defies common sense. And I also think it's a deliberate attempt to undermine Hong Kong's separate customs territory, which is a very important pillar, for Hong Kong is an international trading centre which is well recognised by all members of WTO. I hope the US would not be the exception because they are also a fellow member, together with Hong Kong, in WTO. So if there is something so blatant and irresponsible, it will only be our natural response to safeguard our interests under WTO to guard our separate customs territory which is given to us by the Basic Law under the "one country, two systems". And we have to give our service as a member of WTO, because this is what upholds the multilateral trading system. So that is my overall reaction.

The Government also has a duty to protect our trade interests. That's why we have talked with the representatives of trade from individual sectors as well as major chambers as we did in the past two years when we were confronted by the US-China trade war. I'm grateful to the chambers' heads who often come to gather with me in assessing the situation and, on our part, we

also share with them the latest information in that regard.

As regards the impact, in aggregate terms, the total export to the US for products made in Hong Kong amounted to HK\$3.7 billion last year. That constitutes less than 0.1 per cent of Hong Kong's total export which in a way represents the reducing significance of the US market to us. To individual companies or selected sectors, if they focus on the US market, this uncertainty, this chaos, this confusion would create difficulties to both the exporting end as well as the importing end. I think that's the message given to us when talking to people (from the trade), because trade is a two-way street. We are not talking about (just) one side selling. In fact, there is the other side buying. How could a buyer place an order to satisfy his customer with a wrongful description of the product and told by his own government? How could this compliance be made in future? That's the trade's confusion that I gather from our end. At the same time, the same message is being raised by the importing end in the other side of the Pacific Ocean. So we are assessing all those situations and will continue to engage the trade as we move forward. Thank you.

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