

Voluntary Report – Voluntary - Public Distribution

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Report Name: Hong Kong Filed A Complaint to the WTO Against the US

Country: Hong Kong

Post: Hong Kong

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Report Highlights:

On October 30, 2020, Hong Kong officially filed a complaint with the World Trade Organization's dispute unit against the United States on the subject of the United States' new labelling arrangement, which requires Hong Kong products to be labeled as "Made in China".

On October 30, 2020, the Hong Kong government announced that it has taken official legal action against the United States under the WTO Dispute Settlement Mechanism, with respect to the United States' new origin labeling requirement for Hong Kong products.

A U.S. executive order in August 2020 stipulated a new requirement for Hong Kong-made products to be labelled as "Made in China" if they are to be exported to the United States. This new arrangement is in response to the implementation of the National Security Law in Hong Kong on June 30, 2020. The new labelling requirement is due to take effect on November 10, 2020.

Hong Kong is a separate member of the World Trade Organization from mainland China. This is the first time that Hong Kong has filed a complaint with the WTO directly against another member since the 1997 handover of Hong Kong from the United Kingdom to China.

Given below is the Hong Kong government's press release on the announcement.

CED's opening remarks on US' new rule on origin marking of Hong Kong products (with video)

Following are the opening remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, on the new rule of the United States (US) on origin marking for Hong Kong products at a media session today (October 30):

With respect to the new requirement on origin marking for Hong Kong products announced by the US in August, the HKSAR Government today formally launched procedures in accordance with the World Trade Organization (WTO) Dispute Settlement Mechanism against the US measures.

Our Permanent Representative to the WTO has sent to the US' Permanent Representative (to the WTO) today a request for formal bilateral consultations with the US on its new requirement under the WTO Dispute Settlement Mechanism. I have also written to the United States Trade Representative, informing the US that the HKSAR has officially taken action against the US under the WTO Dispute Settlement Mechanism.

You may recall that the HKSAR Government formally took issue with the US Government on September 16, requesting that the requirement be withdrawn immediately. We took the action in accordance with the spirit and practices of the WTO with a view to resolving the matter with the US through bilateral discussion prior to formal WTO dispute settlement. However, the US has not made any substantive response to the HKSAR Government's strong objection and request for the withdrawal of the requirement. The US has so far not withdrawn this new origin marking requirement.

In the past few weeks, the Hong Kong Economic and Trade Offices in Washington, DC, and Geneva have been following up the matter with relevant US agencies.

Our Economic and Trade Office in Washington, DC has met with the US Customs and Border Protection and also the Office of the USTR (United States Trade Representative) but to no avail.

At the same time, at the WTO General Council meeting held on October 13, our Permanent

Representative clearly expressed that:

- we strongly object to the new US origin marking requirement and reiterated that the new requirement disregards Hong Kong's status as a separate member of the WTO;
- the US origin requirement undermines the rules-based multilateral trading system; not to mention that,
- they clearly violate WTO origin rules.

Unfortunately, the US' Representative to the WTO has not made any concrete response.

Given the disappointing response of the US in the past six weeks, it is necessary for the Hong Kong Government to take further action against the US on the multilateral front.

According to the WTO mechanism, the US shall respond to Hong Kong's request for consultations within 10 days, and conduct consultations with Hong Kong within 30 days. If the two parties fail to resolve the dispute through consultations within 60 days, the HKSAR Government has the right to, and will, take further action and request the Dispute Settlement Body to establish a panel to consider the dispute.

As a responsible WTO member, Hong Kong always abides by the WTO rules. The US' new requirement undermined Hong Kong's separate customs territory status conferred to us through the Basic Law, which is a basic principle under "one country, two systems". We will therefore robustly defend Hong Kong's interests.

Ends/Friday, October 30, 2020
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Attachments:

No Attachments.