

**Voluntary Report** – Voluntary - Public Distribution

**Date:** January 15,2021

**Report Number:** HK2021-0005

**Report Name:** Hong Kong Took Further Action in the WTO on US Origin Marking Requirement

**Country:** Hong Kong

**Post:** Hong Kong

**Report Category:** Agriculture in the News, Trade Policy Incident Report, Market Development Reports

**Prepared By:** Caroline Yuen

**Approved By:** Alicia Hernandez

**Report Highlights:**

On January 14, 2021, Hong Kong requested the World Trade Organization (WTO) Dispute Settlement Mechanism (DSB) to set up a panel to consider its dispute with the United States on the United States' recent origin marking requirement for Hong Kong products.

On January 14, 2021, Hong Kong officially requested the World Trade Organization (WTO) Dispute Settlement Body (DSB) include an item on its January 25 meeting agenda to establish a panel on Hong Kong's dispute with the United States on the latter's origin marking requirement for Hong Kong products. The request was based on the fact that no progress has been achieved since Hong Kong filed a complaint with the WTO on October 30, 2020.

Following a U.S. executive order in August 2020 stipulating 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, the Hong Kong government (HKG) announced on October 30, 2020 that it had taken official legal action against the United States under the WTO Dispute Settlement Mechanism. The United States' new arrangement is in response to the implementation of the National Security Law in Hong Kong on June 30, 2020. The new labelling requirement took effect on November 10, 2020.

Hong Kong is a separate member of the World Trade Organization from mainland China.

Hong Kong exported a total of US\$197 million worth of agricultural and food products to the United States in 2019. Hong Kong has a very limited food manufacturing industry. Major food items exported to the United States include mooncakes, noodles, and sauces. Hong Kong-made products generally are regarded as more premium than China-made products.

Below is the HKG's press release on the announcement.

HKSAR Government requests WTO to establish panel to consider dispute with respect to US' new requirement on origin marking

\*\*\*\*\*

The Hong Kong Special Administrative Region (HKSAR) Government today (January 14) requested the World Trade Organization (WTO) Dispute Settlement Body (DSB) to establish at its meeting on January 25 a panel in accordance with the WTO Dispute Settlement Mechanism to consider the dispute with respect to the violation of WTO rules by the United States' (US') new requirement on origin marking for Hong Kong products.

The Permanent Representative of the HKSAR to the WTO today filed the relevant document to the WTO Secretariat. The Secretary for Commerce and Economic Development, Mr Edward Yau, also wrote to the United States Trade Representative to inform the US that the HKSAR has taken further action against the US under the WTO mechanism.

Mr Yau said, "The US' unilateral and irresponsible attempt to weaken Hong Kong's status as a separate customs territory, which is conferred by the Basic Law, is highly inappropriate. Such a move also confuses the market and undermines the rules-based multilateral trading system. Hong Kong's special status is a basic principle under 'one country, two systems', and the HKSAR Government will do its utmost to safeguard it. The HKSAR Government requested on October 30, 2020, consultations with the US under the WTO Dispute Settlement Mechanism. However, the US' response is disappointing. It is necessary for us to take further action against the US in accordance with the mechanism to defend Hong Kong's interests."

According to the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes, if the two parties fail to resolve the dispute within 60 days from the launching of consultations, the complaining party may request the DSB to establish a panel to consider the dispute and provide rulings. The 60-day consultation period ended on January 4. However, the US has not made any substantive response to the request of the HKSAR Government, and the new requirement took effect on November 10, 2020. Hong Kong decided to request the DSB to establish a panel to consider the dispute.

According to the WTO Dispute Settlement Mechanism, after the complaining party has made a request, a panel shall be established at the latest at the DSB meeting following the meeting at which the request first appears as an item on the DSB's agenda. In other words, if a panel is not established at the DSB meeting on January 25 at the request of the HKSAR Government, the DSB should establish a panel at its next meeting (tentatively scheduled on February 22) at the latest.

Mr Yau reiterated that under "one country, two systems", Hong Kong is an inalienable part of the People's Republic of China, and the special status of the HKSAR is conferred by the motherland through the Basic Law. Pursuant to Articles 116, 151 and 152 of the Basic Law, the HKSAR is a separate customs territory and may, using the name "Hong Kong, China", participate in international organisations such as the WTO and Asia-Pacific Economic Cooperation as a separate member, and develop mutually beneficial economic and trade relations with economies around the world. The special status of Hong Kong has been widely recognised and respected by the international community, and Hong Kong's economic and trade status is on par with that of other WTO members. The "Made in Hong Kong" marking on Hong Kong products has been accepted internationally for many years. This not only conforms to Hong Kong's status as a separate customs territory and complies with WTO rules, but also provides consumers with clear and accurate information on product origin.

Ends/Thursday, January 14, 2021

Issued at HKT 16:30

**Attachments:**

No Attachments.