

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** WTO Establishes Dispute Resolution Panel on US Marking Requirement

**Country:** Hong Kong

**Post:** Hong Kong

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

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**Report Highlights:**

On February 22, 2021, the World Trade Organization (WTO) agreed to establish a dispute resolution panel on the United States' new requirement to mark Hong Kong-originated products as “Made in China”.

In response to the second request by the Hong Kong government (HKG), the WTO Dispute Settlement Body agreed to establish a panel to rule on the United States' new origin marking requirement for Hong Kong products. With this new requirement, which took effect on November 10, 2020, all Hong Kong products exported to the United States have to be labelled as "Made in China".

The United States introduced this new origin marking requirement in response to the implementation of the National Security Law in Hong Kong on June 30, 2020. Subsequently, Hong Kong filed a complaint with the WTO on October 30, 2020 and officially requested for the establishment of a dispute resolution panel to rule on United States' initiative on January 25, 2021. Although the United States blocked the first request, the mechanism automatically accepts the second request, if submitted.

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

Hong Kong exported a total of US\$167 million worth of agricultural and food products to the United States in 2020. Hong Kong has a very limited food manufacturing industry. Major food items exported from Hong Kong 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.

WTO to establish "panel" to consider dispute raised by Hong Kong in respect of US' new requirement on origin marking

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The World Trade Organization (WTO) Dispute Settlement Body (DSB) agreed at its meeting on February 22 (Geneva time) to Hong Kong's request to establish a "panel" to consider the dispute raised by Hong Kong 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 Hong Kong Special Administrative Region (HKSAR) of China to the WTO, Mr Laurie Lo, spoke at the DSB meeting. He reiterated Hong Kong's strong objection against the US' unilateral and irresponsible imposition of the new requirement on origin marking for Hong Kong products, and pointed out that the new requirement is not only unjustifiable, but is also inconsistent with a number of WTO rules, and it damages Hong Kong's interests as a WTO member. It is therefore necessary to set up a panel to follow up on the matter.

A spokesman for the Commerce and Economic Development Bureau said that so far 13 WTO members have indicated an interest to join meetings of the "panel" as third parties, and this shows their concern with the issue which involves the multilateral trading system and the equal rights of WTO members.

The HKSAR Government made the first request to the DSB at its meeting on January 25 to establish a panel to consider the dispute in accordance with the WTO Dispute Settlement Mechanism. According to the 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.

The spokesman reiterated that 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 the 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. The marking 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/Tuesday, February 23, 2021

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**Attachments:**

No Attachments.