

TRADE

US urged to abide by WTO ruling on label for city goods

But Washington rejects panel decision and says requirement for 'Made in China' tag will remain

Natalie Wong, Cannix Yau and Lillian Cheng

Hong Kong officials and exporters have joined a chorus of calls urging the United States to abide by a World Trade Organization ruling that it stop requiring local goods to be labelled "Made in China", saying the city's long-term brand development was at stake.

Rejecting the ruling by a WTO panel that the United States had broken global trading rules with its labelling move, the US trade representative said Washington did not intend to remove the requirement and called the body's decision a "flawed interpretation".

Speaking hours after the ruling, Financial Secretary Paul Chan Mo-po and commerce minister Algernon Yau Ying-wah yesterday separately slammed the US ban on the "Made in Hong Kong" label and said the city's objection was necessary as it was a matter of principle.

The ban had a minimal financial impact on the city, they noted.

The city's economy had long relied on the service industry and re-exports to the mainland, said Chan, who was speaking at the Hong Kong Brands and Products Expo at Victoria Park.

Hong Kong's domestic exports to the United States, equivalent to HK\$7.4 billion, accounted for only 0.1 per cent of the total figure last year, while re-exports took up HK\$302.3 billion.

Yau said local authorities had written to the US and before taking further action would closely monitor whether Washington would seek an appeal within six months.

"The spirit is to uphold the status and position of the Hong Kong SAR in the WTO as a separate customs territory, even though the financial implication is minimal," Yau said.

In response to Beijing imposing the national security law on Hong Kong, the US in August 2020 said goods from the city, which is a WTO member, would have to be relabelled to gain entry to its ports - a move intended to underscore the financial hub's status as "just another Chinese city".

Yau said labelling city goods as being from China would "cause a lot of confusion" for customers, and that the existing ban posed "unnecessary restrictions" on local manufacturers at clearance and declaration points when they exported products to the US.

He said the government welcomed the WTO's panel report that refuted Washington's "erroneous and groundless views",

demanding the labelling rule be withdrawn as soon as possible.

Both China's commerce ministry and the foreign ministry's office in Hong Kong also weighed in, saying they welcomed the ruling and supported the city in maintaining its status as a separate customs territory.

"[The US relabelling] is just an attempt to slander the 'one country, two systems' principle, which is also typical power politics and hegemonic logic," a foreign ministry spokesman said in a statement, adding the Hong Kong government's complaints were aimed at upholding the basic principles of international law.

A panel of WTO judges found that requiring goods from Hong Kong be labelled "Made in China" violated US commitments to the global trade organisation. Under Article IX: 1 of the General



The spirit is to uphold the status and position of the Hong Kong SAR in the WTO

ALGERNON YAU, COMMERCE MINISTER

Agreement on Goods and Tariffs, members must ensure that marking requirements do not disadvantage firms from other WTO members.

While there was evidence of the US "and other members being highly concerned about the human rights situation in Hong Kong", the panel said, the situation had not yet "escalated to a threshold of requisite gravity to constitute an emergency in international relations" that would permit such behaviour.

The US can appeal the case, but since it has blocked any new appointments to the WTO's appellate body due to complaints over judicial activism and sovereignty concerns, there are no judges to hear appeals.

Many Hong Kong exporters and manufacturers also urged the US to reinstate the "Made in Hong Kong" label for the sake of the city's home-grown brand development.

Dennis Ng Kwok-on, vice-president of the Chinese Manufacturers' Association of Hong Kong, said most of the city's exports to the US were not made in Hong Kong except for jewellery, accessories and some food products such as Lee Kum Kee sauces. Additional reporting by Finbarr Bermingham in Brussels