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Exporters get more time for 'Made in China' switch

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Exporters sending goods made in Hong Kong to the United States will be allowed a longer transition period for changing labels to "Made in China", according to authorities.

US Customs and Border Protection said over the weekend it would extend enforcement of the new label rule by 45 days, from September 25 to November 9, to give accounts and importers more time to prepare.

As part of US President Donald Trump's executive order ending the special treatment the city enjoyed under Hong Kong Policy Act of 1992, his administration

stipulated local exporters must relabel made-in-Hong-Kong goods as Made in China to reflect the city's status as "just another Chinese city".

"The measure is unnecessary and unreasonable. And they are malicious," Secretary for Commerce and Economic Development Edward Yau Tang-wah said yesterday.

"It is to threaten or attack Hong Kong's special status as a separate customs territory under the [World Trade Organisation]."

He added the US wanted the made-in-Hong-Kong label to disappear, which was "unfair and uncivilised".

Yau said the Hong Kong government was exploring

alternatives through its economic and trade office in the US.

"Are there other ways we can accept and satisfy the product origin rules? For example, 'Hong Kong, China' or similar labels? We are awaiting the US response. Their response is important."

He said the government would take action if the US insisted on violating WTO rules.

However, the rule does not affect the place of origin, "HK", which means exports made here will not be subject to tariffs the US has imposed on Chinese goods during the trade war since 2018.

Willy Lin Sun-mo, chairman of the Hong Kong Productivity Council, said consumer rights authorities and importers in the

US had questions about the new arrangement.

"They are confused about the rule and risk-breaching trade-description rules," he said.

"Some of them have no idea on how to advertise Hong Kong products."

The executive order was signed in response to Beijing's decision to impose a national security law on Hong Kong in June, a move Trump said undermined the city's democratic development and autonomy guarantees under the "one country, two systems" governing principle.

"There are sufficient mutual interests for all of us to work for the betterment of our own

communities and economies. I'm hoping that common sense will be back," Yau said.

In 2019, US\$471 million worth of made-in-Hong-Kong goods were exported to the US, mostly jewellery, food, electronic goods and electric appliances.

"Hong Kong enterprises are changing their strategies by diversifying and digitising their businesses to strengthen resilience to the pandemic," said Daniel Chan Hing-yiu, head of business banking at HSBC Hong Kong.

Chan said the bank had allowed borrowers to defer the repayment of principal of HK\$150 billion worth of interest-bearing loans since the start of the year to ease their financial burden.