

## considering revocation of Hong Kong's special trade status

United States Secretary of State Michael Pompeo announced on 27 May that the State Department is recommending the revocation of Hong Kong's special status, which would eliminate special tariff exemptions to the region.

Hong Kong's special status was created in 1997, five years before the United Kingdom handed control of Hong Kong over to China with special conditions. The status gives Hong Kong special trade and economic status benefits, and the region currently has a zero tariff rate on U.S. imports.

However, according to a release from the State Department, a key part of that special status, embedded in the United States-Hong Kong Policy Act of 1992, is that the region retains autonomy from the Chinese government. Recent developments in the region – which have lead to [widespread protests](#) – have called that autonomy into question.

“Last week, the People’s Republic of China (P.R.C.) National People’s Congress announced its intention to unilaterally and arbitrarily impose national security legislation on Hong Kong,” Pompeo said. “Beijing’s disastrous decision is only the latest in a series of actions that fundamentally undermine Hong Kong’s autonomy and freedoms and China’s own promises to the Hong Kong people under the Sino-British Joint Declaration, a U.N.-filed international treaty.”

As a result of that, Pompeo recommended to Congress that Hong Kong should no longer benefit from its special trade status.

“The State Department is required by the Hong Kong Policy Act to assess the autonomy of the territory from China,” Pompeo said. “After careful study of developments over the reporting period, I certified to Congress today that Hong Kong does not continue to warrant treatment under United States laws in the same manner as U.S. laws were applied to Hong Kong before July 1997. No reasonable person can assert today that Hong Kong



maintains a high degree of autonomy from China, given facts on the ground.”

The move could have wide implications for Hong Kong, which is one of the busiest trade ports in the world. The area is also one of the biggest export markets for the U.S., estimates have at least USD 67 billion (EUR 60 billion) in bilateral trade in 2018, according to the United States Trade Representative.

The move by Pompeo does not mean the status is revoked, yet. Assistant Secretary of State for East Asian and Pacific Affairs David Stillwell [told reporters on 27 May](#) that the U.S. would try to “thread the needle.”

"We're going to do this in a smart way, in a way that takes care of the things and the people we care about, while at the same time letting Beijing know that what they're doing ... contravenes what they agreed to do back in '97," he said.

Pompeo's statement minced no words on the United States' stance towards increasing Chinese intervention into the government and management of Hong Kong.

“Hong Kong and its dynamic, enterprising, and free people have flourished for decades as a bastion of liberty, and this decision gives me no pleasure,” he said. “But sound policy making requires a recognition of reality. While the United States once hoped that free and prosperous Hong Kong would provide a model for authoritarian China, it is now clear that China is modeling Hong Kong after itself.”

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