

WTO TPR ON HKC 2023

RESPONDING STATEMENT OF HONG KONG, CHINA

Introductory Remarks

1. Thank you Chair. And thank you all for joining today's meeting. My team and I listened very carefully to Members' statements made on Wednesday. We are encouraged by the resounding appreciation of our open and liberal trade regime, as well as our steadfast commitment to the multilateral trading system, as demonstrated by the active and constructive participation of our dedicated team in Geneva in a wide spectrum of work at the WTO. On matters of interests brought up by multiple members, I would also like to make a consolidated response.

Response to Queries

“One Country, Two Systems”

2. I would like to start off by addressing a few Members' remarks on systemic issues. The “One Country, Two Systems” principle, enshrined in the Basic Law, is the bedrock of HKC's stability and continued success. As provided for under the Basic Law, under the “One Country, Two Systems” principle, Hong Kong, China (HKC) remains a free port and a separate customs territory. HKC's capitalist system, free economy and trusted legal system (i.e. the common law system) are maintained, and we remain an autonomous trading entity.

3. The unprecedented “One Country, Two Systems” principle has stood the test of time and proven to be the best institutional safeguard for the long-term prosperity and stability of HKC, a solid foundation on which we build and practise our open and liberal trade policy.
4. Contrary to the remarks made by some Members, HKC continues to exercise a high degree of autonomy, with the rule of law and judicial independence at the heart of HKC’s legal system. Hong Kong residents continue to enjoy the rights and freedoms guaranteed under the Basic Law, the Hong Kong Bill of Rights Ordinance and other relevant laws.
5. The implementation of the National Security Law was mentioned by a couple of Members. I would like to emphasise that the National Security Law clearly stipulates that human rights shall be respected and protected in safeguarding national security in the Hong Kong Special Administrative Region and the rights and freedoms that Hong Kong residents enjoy under the Basic Law, and the provisions of the international conventions shall be protected. Similar to the national security laws of other jurisdictions, what the National Security Law seeks to tackle are distinctly different from normal business interactions and transactions. Law-abiding people, including HKC residents and overseas investors, will not unwittingly violate the law.
6. The implementation of the National Security Law has enabled the livelihood and economic activities of the HKC community to return to normal and the business environment to be restored. As reported by a major foreign chamber of commerce in HKC recently, and I quote, “the

international business community in Hong Kong has not seen any clear cases in which the National Security Law has been applied to commercial business.” In fact, the amount of deposits in our banking system stood at about US\$2 trillion as at November 2023 – about 10 per cent higher than it was prior to the implementation of the National Security Law. The number of companies in HKC with parent companies from outside the territory has remained at about 9 000 over the past five years. Also, there are around 4 000 startups in HKC in 2022, up 52% when compared with 2018. These are solid proofs that the National Security Law has brought back confidence and stability to our economy.

7. As clearly shown in both the Secretariat and Government Reports, HKC has continued to adhere to its long standing free and open trade policies, which have enabled HKC to stay resilient amidst the challenges brought about by COVID 19 and geopolitical tensions.
8. It is clearly in HKC’s interest to maintain our unique status and advantages including but not limited to its common law system, independent judiciary and legal professions, separate customs and immigration control, free flow of goods, capital, people and information, just to name a few.

HKC’s Rights and Obligations under the WTO

9. On HKC’s rights and obligations under the WTO, Hong Kong, as a founding member of the WTO, helps build the system and remains its staunch supporter ever since. Under the “One Country, Two Systems” principle, Hong Kong continues to participate as a separate Member and

a separate customs territory using the name of “Hong Kong, China”.

10. Indeed, as a small, open and externally oriented economy, we have no better protection against growing protectionism and arbitrary attacks than the non-discriminatory, rules-based multilateral trading system, with the WTO at its core.

11. As always, we would uphold our rights and obligations as a Member of the WTO, and its core value of making decisions by consensus. Certainly, consensus means consensus of all, but not a collective attempt at discounting the position of HKC.

Intellectual Property Rights

12. There were enquiries on HKC’s effort in IP protection, including digital copyright piracy, illicit streaming websites and illicit streaming devices. HKC’s Copyright Ordinance, as enhanced by the latest amendments thereto effective 1 May 2023, contains new provisions providing specifically an exclusive technology-neutral right to copyright owners to communicate their works to the public through any mode of electronic transmission (including streaming) with civil liability and criminal sanction against infringements of such right, and also elaboration of the meaning of “authorisation” of copyright infringement. With these provisions, the Copyright Ordinance is applicable to combat digital copyright piracy, covering cases involving the use of illicit streaming websites and devices. The Customs & Excise Department (C&ED) adopts a multi-pronged strategy in combating copyright infringement activities in the digital environment. With thorough intelligence analysis and investigation on the latest

smuggling trends by information technology, apart from seizing items at control points, C&ED mounts large-scale operations targeting high-risk transshipment cargoes with counterfeit goods in downtown devanning compounds regularly. Furthermore, C&ED has signed Memoranda of Understanding (MoU) with five major express courier operators in HKC, under which express courier industry would make proactive referrals of suspicious parcels to C&ED to enhance the profiling of high-risk consignments including counterfeit and infringing goods.

Import Control Measures on Japanese Aquatic Products

13. A few Members expressed concern on our import control on aquatic products from Japan. It is crucial to underscore that our Government prioritises food safety as its foremost concern. Unlike cooling water generated during normal operation of nuclear plants, the nuclear-contaminated water had direct contact with nuclear fuels and involved at least 30 radionuclides, including some with long half-lives. The discharge of such treated nuclear-contaminated water in such a large scale and for such long period of time is unprecedented and there is no established international standards or practices for such discharge. There is currently no guarantee that the purification system can operate continuously and effectively in the long term after the commencement of the discharge plan, and that the plan will not pose any potential risks to food safety and marine ecology. Given the uncertainty in the effects of the radionuclides on the food chain, which may have harmful effect on human health and the need to further observe whether the dilution and discharge system will operate as intended, HKC can only have a more accurate assessment of the impact sometime after the

commencement of the discharge, when more surveillance data is available.

Tariff Binding

14. A few Members enquired about our level of tariff binding under the WTO. As we have provided in our replies to the written questions, we consider that the current scope of HKC's tariff bindings should be looked at in context. It is the outcome of previous negotiations and additional autonomous bindings which HKC has made since the conclusion of the Uruguay Round. Unlike most WTO Members, HKC's tariff concessions take the form of bindings at zero following its free port status. It is also worthwhile to note that HKC's non-agricultural bound lines, while sharing 39.4% of all its non-agricultural lines, offer substantial commercial meaning as it covered 71.3% of HKC's imports by value in 2022.

Free Trade Agreements

15. We are also glad to hear that Members value the economic and trade ties with HKC and they have also acknowledged HKC's efforts in expanding its network of economic and trade connections through, amongst others, forging FTAs. We thank the support expressed by some Members on our accession request to the Regional Comprehensive Economic Partnership agreement. We believe that HKC, by virtue of its open and liberal trade and investment regime and its mature suite of professional services, will have much to contribute to regional economic integration.

16. On the Greater Bay Area initiative and how it is facilitated by our Closer Economic Partnership Arrangement with China (CEPA), during the review period, an Amendment Agreement has been signed, which introduced new liberalisation measures in a number of important service sectors such as financial services, legal services, construction and related engineering services, testing and certification, television, motion pictures and tourism services, etc. The Amendment Agreement also contains further liberalisation measures for pilot implementation in the nine Pearl River Delta municipalities in the Greater Bay Area. CEPA is nationality neutral, meaning it allows companies operating in HKC to gain greater access to the Mainland China market, regardless of their source of capital. The opportunities brought about by CEPA benefit not only traders/service providers of HKC, but also their counterparts across the globe.

Concluding Remarks

Strategic Directions

17. As mentioned in my opening statement, HKC's development direction would converge on four key areas. First, HKC will uphold the "One Country, Two Systems" principle and continue to capitalise on our distinctive advantages under this principle. Second, HKC will continue to maintain our free and open trade and investment regime, providing a business-friendly and predictable environment and a level-playing field for all companies regardless of their origin. Third, in order to strengthen our competitiveness, we will drive HKC's economy towards high-quality development and long-term growth, with the development of innovation and technology being the key. Last but not

least, we will strive to foster a sustainable and inclusive economy, including taking various initiatives to attain green transition and to foster gender equality to further promote women's development in HKC.

18.HKC is a longstanding supporter and practitioner of free trade and multilateralism. We will continue to maintain our open, liberal and tariff-free trade regime. We will also continue to work closely with all WTO Members with a view to strengthening the multilateral trading system, with the WTO at its core. In this regard, one of our imminent work would be to engage constructively in the discussions leading to Thirteenth WTO Ministerial Conference (MC13), so that meaningful outcomes could be delivered.

Thank You

19.In closing, I would like to, once again, thank Ambassador ALMOQBEL, the Chairperson, Mr BRAVO, the discussant, all participating Members and the Secretariat for their valuable contributions which make this review exercise fruitful and meaningful. We treasure this Trade Policy Review exercise, and hope that the exchanges during our TPR will deepen your understanding of HKC's trade and investment regime, particularly those new initiatives to boost the long-term growth and competitiveness of our economy. We look forward to another round of fruitful discussions at our next TPR. Thank you.

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