



# Trade conflict between China and the United States and its impact on Hong Kong's economy

IN14/17-18

## 1. Introduction

1.1 The economic and trade ties between China and the United States ("the US") have grown exponentially over the past decades. China is nowadays the largest trading partner of the US, while the US is China's second largest trading partner. However, the recent trade friction between China and the US has drawn growing attention and concern over its possible impact on the global economy, given that both countries are the world's two largest economies, accounting for about 40% of the global economy and over 22% of the world's export of goods.<sup>1</sup> On 20 July 2018, the Panel on Commerce and Industry, Panel on Economic Development, and Panel on Financial Affairs will hold a joint meeting to discuss issues relating to the impact of the China-US trade conflict on Hong Kong's economy. To facilitate Members' discussion, the Research Office has prepared this information note providing information on (a) the trade relations between China and the US and the recent developments, and (b) Hong Kong's trade involvement and major views and concerns raised in the community. The chronology on the recent trade developments between China and the US is given in the **Appendix**.

## 2. Trade relations between China and the United States

2.1 The China-US economic and trade ties started to develop in the late 1970s when both countries formally established diplomatic relations<sup>2</sup> through entering into bilateral agreements. In 1980, total trade between China and the US was about US\$4.9 billion (HK\$24 billion). At that time, China was the

---

<sup>1</sup> Based on 2016 figures of the World Bank and the World Trade Organization respectively.

<sup>2</sup> In 1979, China and the US formally established diplomatic relations at ambassadorial level. The US announced the severance of its so-called diplomatic ties with Taiwan, the withdrawal of its troops from Taiwan and the ceasing of the US-Taiwan Joint Defense Treaty.

US's 24<sup>th</sup> largest trading partner, 16<sup>th</sup> largest export market, and 36<sup>th</sup> largest source of imports.<sup>3</sup>

2.2 Over the past four decades, trade ties between the two countries have expanded drastically, in particular upon China's accession to the World Trade Organization ("WTO") in 2001. China has now become the largest trading partner of the US, while the US is China's second largest trading partner after the European Union ("EU"). In the US, total merchandise imports from China amounted to US\$505.5 billion (HK\$3.94 trillion) in 2017, an increase of 390% compared to the level of 2001. Over the same period, its total merchandise exports to China have grown by 570% to US\$129.9 billion (HK\$1.01 trillion). On the US side, this represented a trade deficit in goods with China at US\$375.6 billion (HK\$2.92 trillion).<sup>4</sup> On the other hand, the US maintained a trade surplus with China in services at a value of US\$40.2 billion (HK\$313.3 billion). As indicated in **Figure 1**, the US's percentage share of merchandise trade with China in terms of imports and exports stood at 21.6% and 8.4% respectively in 2017. From the perspective of China, the respective figures were 8.4% and 19%.

**Figure 1 – Imports and exports of goods between China and the US in 2017**

	Value of imports/exports <sup>(1)</sup>	% of the country's total imports/exports <sup>(2)</sup>
<b>China</b>		
Imports from the US	US\$153.9 billion (HK\$1.20 trillion)	8.4%
Exports to the US	US\$429.8 billion (HK\$3.35 trillion)	19.0%
<b>The US</b>		
Imports from China	US\$505.5 billion (HK\$3.94 trillion)	21.6%
Exports to China	US\$129.9 billion (HK\$1.01 trillion)	8.4%

Notes: (1) There are discrepancies in the official trade statistics between China imports and US exports, and China exports and US imports. According to 《中美兩國商務部聯合發佈〈中美貨物貿易統計差異研究第二階段報告〉》(2013), the discrepancies are due to a number of factors, including conceptual and methodological differences in the compilation and processing of the trade data, and time lag between shipments.

(2) Percentage shares are in terms of the value of imports and exports.

Data sources: 中華人民共和國海關總署(2018) and United States Census Bureau (2018).

<sup>3</sup> See Congressional Research Service (2018).

<sup>4</sup> Based on 2017 data, the US had the largest trade deficit in goods with China, followed by Mexico, Japan and Germany.

2.3 In 2017, Chinese goods exported to the US were mainly consumer goods and manufactured goods,<sup>5</sup> with the top five being **(a) communications equipment; (b) computer equipment; (c) miscellaneous manufactured commodities (e.g. toys and games); (d) apparel; and (e) semiconductors and other electronic components**. During the year, US goods exported to China were mainly capital goods and intermediate goods. The top five were **(a) aerospace products; (b) oil seeds and grains (mainly soybeans); (c) motor vehicles; (d) semiconductors and electronic components; and (e) waste and scrap**.<sup>6</sup>

2.4 The existence of a trade deficit with China in goods has over the years been the concern of the US. There have been comments that the surge in Chinese imports had led to job loss in the US, particularly in the manufacturing sector.<sup>7</sup> However, there have been arguments that increased trade ties with China had indeed brought a number of economic benefits to the US economy, for instance, enabling US companies to tap into the China market with a lucrative customer base and to offer lower prices of consumer goods through low-cost production.<sup>8</sup>

### Developments on the trade relations since 2017

2.5 During his presidential campaign in 2016, the US President Donald Trump raised in his election pledge to tackle the trade deficit issue.<sup>9</sup> After his inauguration in January 2017, a high-level summit was held in Florida, the US, in April 2017, where President Xi Jinping and the US President both met. At the summit, they jointly announced the establishment of a "100-day action plan on trade" under the framework of the "US-China Comprehensive Economic Dialogue" ("CED").<sup>10</sup>

---

<sup>5</sup> China was also the fourth-largest source of US agricultural imports in 2017 at US\$4.5 billion (HK\$35 billion).

<sup>6</sup> See Congressional Research Service (2018).

<sup>7</sup> See Stephen J. Rose (2018).

<sup>8</sup> See US-China Business Council (2017).

<sup>9</sup> See Time (2016).

<sup>10</sup> CED is the highest-level bilateral economic forum established in April 2017 to enable the two countries to address and resolve economic issues in their trade relationship. On 19 July 2017, China and the US had the first meeting of CED. See US Department of Commerce (2017b).

2.6 Approximately one month after the summit, China and the US jointly announced the initial results of the action plan that "the two sides reached consensus on addressing issues in areas including agricultural trade, financial services, investment, and energy". Initial actions included that China would open its markets to US beef<sup>11</sup>, biotechnology products, credit rating services, electronic payment services, and bond underwriting and settlement, whilst the US would open its markets to Chinese cooked poultry and welcome China to import liquefied natural gas from the US.<sup>12</sup>

2.7 In November 2017, the US President made a state visit to China. During the visit, trade and investment deals worth more than US\$250 billion (HK\$1.95 trillion) were announced and the deals were signed between Chinese and US firms, covering multiple sectors from infrastructure and medicine to energy and aviation. The largest deal was an investment by the Mainland's giant power company (China Energy Investment Corporation) in the energy and chemical projects in West Virginia, the US, involving an investment of US\$83.7 billion (HK\$651 billion).<sup>13</sup>

2.8 Dialogue on trade issues continued in the first half of 2018. During February to June 2018, the trade delegations of the two sides met. According to the joint statement of China and the US issued on 19 May 2018, "[t]here was a consensus on taking effective measures to substantially reduce the United States trade deficit in goods with China. To meet the growing consumption needs of the Chinese people and the need for high-quality economic development, China will significantly increase purchases of United States goods and services".<sup>14</sup>

2.9 Amid the continued dialogue with China on trade issues, the US has nevertheless initiated trade investigations under its trade-related provisions, followed by the announcement of a series of trade restrictions that affect China and other trading partners such as Canada, Mexico and EU. Details are given in the ensuing paragraphs.

---

<sup>11</sup> China banned imports of US beef immediately after discovery of "mad cow disease" in the US in December 2003.

<sup>12</sup> See US Department of Commerce (2017a).

<sup>13</sup> See The State Council of the People's Republic of China (2017).

<sup>14</sup> See The White House (2018b).

## *Trade investigations initiated by the US*

2.10 In 2017, the US government initiated the following trade investigations to determine if certain imports had exerted adverse impact on the US:

- (a) in April 2017, the US President Donald Trump issued a memorandum directing the Secretary of Commerce of the US to conduct investigations on the national security effects of **steel and aluminium imports** under Section 232 of the Trade Expansion Act of 1962 ("Section 232 Investigation");<sup>15</sup>
- (b) during May and June 2017, the United States International Trade Commission ("USITC"), a federal agency with responsibilities on matters of trade, instituted an investigation under Section 201 of the Trade Act of 1974 ("Section 201 Investigation")<sup>16</sup> to determine whether increased imports of **crystalline silicon photovoltaic cells** and **large residential washing machines** were a substantial cause of serious injury to the domestic industry; and
- (c) in August 2017, the United States Trade Representative ("USTR"), tasked with developing and coordinating US international trade, formally initiated an investigation on China under Section 301 of the Trade Act of 1974 ("Section 301 Investigation")<sup>17</sup> to determine whether China's acts, policies, and practices related to **technology transfer, intellectual property, and innovation** are unreasonable or discriminatory, and burden or restrict the US commerce.

---

<sup>15</sup> Section 232 Investigation focuses on whether the importation of the article in question is in such quantities or under such circumstances as to threaten to impair the national security.

<sup>16</sup> Section 201 authorizes the US President to take action, in the form of tariffs, tariff rate quotas, quantitative restrictions or other actions, in response to USITC's determination that increased imports are a substantial cause of serious injury to domestic producers.

<sup>17</sup> Section 301 gives USTR broad authority to respond to a foreign country's unfair trade practices. The statute includes authorization to take any actions that are within the US President's power with respect to trade in goods or services, or any other area of pertinent relations with the foreign country.

## *Restrictive trade measures announced/imposed by the US*

2.11 Following the trade investigations, the US released the findings with subsequent announcements on a number of actions as follows:

- (a) results of Section 201 Investigation suggest that "increased foreign imports of washers and solar cells and modules are a substantial cause of serious injury to domestic manufacturers". On 22 January 2018,<sup>18</sup> USITC announced that on the approval of the US President Donald Trump, tariff-rate quotas on imports of **large residential washing machines**<sup>19</sup> would be applied and safeguard tariffs on **solar cells and modules**<sup>20</sup> be imposed beginning on 7 February 2018;
- (b) results of Section 232 Investigation suggest that imports of steel and aluminium "threaten to impair the national security". Among others, the report recommends raising tariffs to restrict aluminium imports from China, **Hong Kong**, Russia, Venezuela, and Vietnam so as to enable more US local aluminium production. On 8 March 2018, the US President Donald Trump issued a proclamation imposing additional tariff of 25% on **steel** and 10% on **aluminium imports** globally starting from 23 March 2018;<sup>21</sup> and
- (c) findings of Section 301 Investigation determine that "China's acts, policies, and practices that effectuate technology transfer burden and restrict US commerce". Subsequent to this release of findings, the US has taken actions against China on the following three fronts:

---

<sup>18</sup> On 18 January 2018, USTR issued its annual report on China's WTO compliance. The report stated that "the United States erred in supporting China's entry into the WTO on terms that have proven to be ineffective in securing China's embrace of an open, market oriented trade regime."

<sup>19</sup> A tariff of 20% is applied in the first year, 18% in the second year and 16% in the third year for the first 1.2 million units of imported finished washers but up to 50% for all subsequent imports of finished washers.

<sup>20</sup> A tariff of 30% is applied in the first year, 25% in the second year, 20% in the third year, and 15% in the fourth year. Additionally, the first 2.5 gigawatts of imported solar cells will be exempt from the safeguard tariff in each of those four years.

<sup>21</sup> At that time, the US granted exemptions to Canada, Mexico and EU pending further discussion with them. Yet since June 2018, the exemptions have been suspended and the same tariff rates applied to steel and aluminium imports from these places.

- (i) **tariffs** – the US President Donald Trump issued a memorandum on 22 March 2018 announcing that USTR would publish a proposed list of products imported from China subject to intended tariff increases. The **proposed list** was announced on 3 April 2018, containing **1 333 product lines** including colour televisions, machine and electrical parts, and motor and vehicles. On 29 May 2018, the Trump administration announced that the US would impose an additional 25% tariff on US\$50 billion (HK\$390 billion) of imported Chinese goods containing industrially significant technology, including those related to the "Made in China 2025" programme.<sup>22</sup>

The **final list** of covered imports was released on 15 June 2018, comprising **1 102 product lines** focusing on the industries of **aerospace, information and communications technology, robotics, industrial machinery, new materials, and automobiles**. The list does not include goods commonly purchased by US consumers such as cellular telephones or televisions. There are two sets of tariff line. The first set, containing 818 lines of products (**e.g. medical-related apparatus, motor vehicles, airplanes and related parts**) covering approximately US\$34 billion (HK\$265 billion) worth of imports from China, would be subject to an additional tariff of 25% with effect from 6 July 2018.<sup>23</sup> The second set, containing 284 product lines (**e.g. lubricating oils, plastic tubes and pipes, and engines for industrial equipment**) worth approximately US\$16 billion (HK\$124 billion), is set to take effect in two weeks according to news reports on 5 July 2018.<sup>24</sup>

In response to China's announcement of a retaliation plan made on 4 April 2018 (to be discussed in paragraph 2.12), the US President Donald Trump instructed USTR on 5 April 2018 to propose additional tariffs on US\$100 billion

---

<sup>22</sup> "Made in China 2025" is a high-level strategic action plan rolled out by the Mainland government in 2015 with an aim to become the world's leading manufacturer of telecommunication, railway and electrical power equipment by 2025.

<sup>23</sup> The 818 lines of products are covered in the proposed list published on 3 April 2018.

<sup>24</sup> See, for example, CNBC (2018b).

(HK\$779 billion) worth of Chinese products. On 18 June 2018, the US President further directed USTR to identify US\$200 billion (HK\$1.56 trillion) worth of Chinese goods for additional tariff of 10% following China's counter measures announced on 16 June 2018. At the same time, the US President threatened to pursue additional tariffs on another US\$200 billion (HK\$1.56 trillion) worth of goods if China increased its tariffs yet again.<sup>25</sup> Recently on 11 July 2018, USTR unveiled a proposed list of Chinese products containing 6 031 items valued at US\$200 billion (HK\$1.56 trillion). The product list, proposed to be subject to 10% additional tariff, will be open for public comment until late August 2018;<sup>26</sup>

(ii) **WTO dispute settlement** – the US President Donald Trump has instructed USTR to pursue dispute settlement in WTO to address China's discriminatory technology licensing practices. On 23 March 2018, USTR filed a request for consultations with China with respect to certain measures pertaining to the protection of intellectual property right. The consultations are the first step in the WTO dispute settlement process. According to USTR, if both countries are unable to reach a solution through consultations, the US may request the establishment of a WTO dispute settlement panel to review the matter;<sup>27</sup> and

(iii) **investment restrictions** – the Trump Administration announced on 29 May 2018 that it would implement "specific investment restrictions and enhanced export controls for Chinese persons and entities related to the acquisition of industrially significant technology" to protect national security, with details to be announced on 30 June 2018.<sup>28</sup> However, details were not announced on

---

<sup>25</sup> See The White House (2018c).

<sup>26</sup> See Office of the United States Trade Representative (2018c).

<sup>27</sup> Under the WTO dispute settlement framework, there are three main stages of the dispute settlement process: (a) consultations between the parties; (b) adjudication by panels and, if applicable, by the Appellate Body of WTO; and (c) the implementation of the ruling, which includes the possibility of countermeasures in the event of failure by the losing party to implement the ruling.

<sup>28</sup> See The White House (2018d).



that day. Instead, the Trump Administration updated on 27 June 2018 that it would rely on the Foreign Investment Risk Review Modernization Act<sup>29</sup>, which reforms the system of review and approval of transactions that may pose a threat to national security, to address the concerns regarding state-directed investment in critical technologies identified in Section 301 Investigation.

### *Counter trade measures announced/imposed by China*

2.12 Following the announcement of the trade restrictions by the US, the Ministry of Commerce ("MOFCOM") was critical of the actions. MOFCOM stated on 16 June 2018 that "the US has ignored the consensus already reached and capriciously initiate the trade war. It has impaired the interest of both sides, and destroyed the world trade order", and that it would "impose tariffs with the same size and force and all the trade and economic achievements reached by the two sides will be invalid at the same time".<sup>30</sup> The following counter measures were taken:<sup>31</sup>

- (a) in response to the **Section 201 Investigation** findings and safeguard measures imposed by the US on imports of large residential washing machines and crystalline silicon photovoltaic cells, China requested on 6 February 2018 to have consultations with the US under the WTO dispute settlement framework concerning imports of large residential washing machines; and requested on 24 May 2018 to join South Korea's consultations<sup>32</sup> with the US concerning imports of crystalline silicon photovoltaic products;
- (b) in response to the **Section 232 Investigation** findings and related measures that slap tariffs on steel and aluminium imports

---

<sup>29</sup> The relevant bill has been considered by the Congress recently and is pending final approval.

<sup>30</sup> See Ministry of Commerce, People's Republic of China (2018a).

<sup>31</sup> During April-June 2018, MOFCOM also announced various provisional anti-dumping measures against imported products such as halogenated butyl rubber (manufacturing material) and hydriodic acid (chemical material) originating in the US and other places such as Japan and EU, by requiring the import operators to pay an anti-dumping duty in the form of guarantee deposits.

<sup>32</sup> On 14 May 2018, South Korea requested consultations with the US and the consultations were joined by China, EU, Malaysia, Thailand and other countries. See World Trade Organization (2018).

beginning on 23 March 2018, the Customs Tariff Commission of the State Council ("CTCSC") announced on 1 April 2018 that to offset the losses brought about by the imposed tariffs, it would increase the tariffs (ranging from 15% to 25%) on 128 tariff lines valued at around US\$3 billion (HK\$23 billion) on various imports from the US, including **pork products, aluminium waste and scrap, and selected fruits and nuts**, with effect from 2 April 2018.<sup>33</sup> In addition, China has filed a request on 5 April 2018 for consultation with the US regarding the Section 232 restrictive measures under the WTO dispute settlement framework;<sup>34</sup>

(c) in response to the **Section 301 Investigation** findings and related restrictive measures imposed, the following actions were taken:

(i) following the US announcement to impose additional tariff on a proposed list of Chinese imports on 3 April 2018, CTCSC responded on 4 April 2018 that "in order to safeguard China's own legitimate rights and interests", it would apply 25% additional tariff to a list of US products, including **agricultural products, automobiles, chemical products and airplanes**, valued at about US\$50 billion (HK\$390 billion). On the same day, China initiated the WTO dispute settlement procedure by filing a request for consultation with the US regarding the Section 301 restrictive measures;<sup>35</sup> and

(ii) in response to the US release of the final list of Chinese imports subject to 25% additional tariff on 15 June 2018, CTCSC announced on 16 June 2018 that it had decided to impose additional tariff of 25% on 659 items of US products worth about US\$50 billion (HK\$390 billion). Tariff will first be applied to 545 of the product items valued at US\$34 billion (HK\$265 billion), including **agricultural products (e.g. beef and soybeans), automobiles and aquatic products**, with effect from 6 July 2018. For the remaining 114 items valued at about US\$16 billion (HK\$124 billion), covering **chemical**

---

<sup>33</sup> See 《國務院關稅稅則委員會對原產於美國的部分進口商品中止關稅減讓義務的通知》(2018).

<sup>34</sup> See The State Council of the People's Republic of China (2018).

<sup>35</sup> See Ministry of Commerce, People's Republic of China (2018c).

**products, medical equipment and energy products, the implementation date would be announced later.**<sup>36</sup>

### *Developments since formal implementation of tariff measures on 6 July 2018*

2.13 On 6 July 2018, upon formally implementing the tariff measures imposed by the US on 818 lines of Chinese imports worth US\$34 billion (HK\$265 billion) and China's retaliation measures on 545 US product items of equivalent amount, Premier Li Keqiang stated that "no one will win by fighting a trade war, yet China will take counter measures in the face of unilateral moves".<sup>37</sup> MOFCOM criticized that the US had started the largest trade war in the economic history with the violation of WTO rules, and announced that it had lodged an additional complaint with WTO against the US's restrictive measures under its Section 301 Investigation.<sup>38</sup>

2.14 On the other hand, in the US, USTR announced on 6 July 2018 the procedure by which US stakeholders may request that particular products under the tariff lines be excluded from the additional duties. This is in light of the concerns asserted by a number of persons during the notice and comment process<sup>39</sup> that the products were only available from China, imposition of additional duties on the specific products would cause severe economic harm to the US interest, and the specific products were not strategically important or related to the "Made in China 2025" programme. USTR stated that it will evaluate each request on a case-by-case basis, taking into account whether the exclusion would undermine the objective of Section 301 Investigation. An exclusion, if granted, will apply retroactively to 6 July 2018 and extend for one year after the publication of the exclusion decision by USTR.<sup>40</sup>

---

<sup>36</sup> See 《國務院關稅稅則委員會關於對原產於美國的部分進口商品加征關稅的公告》(2018).

<sup>37</sup> See The State Council of the People's Republic of China (2018b).

<sup>38</sup> See Xinhuanet (2018a) and 《商務部新聞發言人就美國對 340 億美元中國產品加征關稅發表談話》(2018).

<sup>39</sup> USTR posted a notice on 6 April 2018 inviting public comment on the proposed action under Section 301 Investigation.

<sup>40</sup> See Office of the United States Trade Representative (2018c).

2.15 More recently on 11 July 2018, the US announced its intended 10% additional tariff measure imposed on a proposed list of Chinese products worth US\$200 billion (HK\$1.56 trillion), covering agricultural products, metals, and a wide range of consumer goods such as clothing accessories and television cameras. Shortly after the US announcement, MOFCOM responded that the escalating action taken by the US was totally unacceptable. It stated that to defend the core interests of the nation, the Chinese Government would take necessary counter measures, and would appeal to the international community to jointly defend free trade rules and multilateral trade regime, and fight against trade bullying. At the same time, it lodged on 16 July 2018 an additional complaint with WTO over the US action.<sup>41</sup>

### Responses of the US's other trading partners and stakeholders towards the trade tariff policy

2.16 Amid the trade conflict with China, the US has also imposed punitive tariffs on products relating to its Section 201 Investigation and Section 232 Investigation imported from the other major trading partners, including Canada, Mexico and EU. These countries/region have responded by imposing retaliation tariffs on US goods.<sup>42</sup> These tit-for-tat actions have aroused concerns of some stakeholders in the US, worrying that on one hand US consumers and businesses will have to pay more for commonly used imported products and materials, while on the other hand US exported goods will become more expensive, resulting in sales loss and jobs cut. Recently, the US Chamber of Commerce, the largest business federation in the US, has launched an online anti-tariff campaign, providing an analysis on the state-by-state impact and inviting readers to send a message to the Congress to express the opposition.<sup>43</sup>

---

<sup>41</sup> See 《商務部新聞發言人就美方公佈擬對我 2000 億美元輸美產品加征關稅清單發表談話》 (2018) and Xinhuanet (2018b).

<sup>42</sup> For example, Canada counter imposed additional tariffs on US imported steel and aluminium and other products; Mexico imposed additional tariffs on products like US pork and steel; and in EU, additional tariffs are imposed on a list of US imports including steel and aluminium and agricultural goods.

<sup>43</sup> See US Chamber of Commerce (2018).

### 3. Hong Kong's trade involvement and concerns over possible impacts on the local economy

3.1 With the heightening trade tensions between China and the US in recent months, there have been rising concerns over the potential impact on the Hong Kong market, given that it has close ties with the Mainland and is a hub for re-exported goods. Based on the statistics of the Census and Statistics Department ("C&SD"), there were HK\$277.5 billion worth of goods exported via Hong Kong from the Mainland to the US in 2017 (**Figure 2**). On the other hand, there were HK\$73.2 billion worth of goods exported via Hong Kong from the US to the Mainland. The combined amount of the **re-exported goods between China and the US was HK\$351 billion**, representing about **4.3% of Hong Kong's total trade and 9.1% of total exports** in 2017.

**Figure 2 – Hong Kong's re-exports between China and the US**

Re-exports	Overall re-exports in 2017			Re-exported products subject to tariff measures under Section 301 Investigation	
	Value of goods	% of total trade	% of total exports	Value of goods	% of total exports
Re-export from the Mainland to the US	HK\$277.5 bln	3.4%	7.2%	• <b>HK\$47 bln</b> (based on first-round tariff measures effective since 6 July 2018)	1.2%
				• <b>HK\$53 bln</b> (based on two rounds of tariff measures covering US\$50 bln (HK\$390 bln) Chinese products)	1.4%
				• <b>HK\$83.6 bln</b> (based on the recently announced tariff measures covering US\$200 bln (HK\$1.56 trillion) Chinese products)	2.2%
Re-export from the US to the Mainland	HK\$73.2 bln	0.9%	1.9%	• <b>HK\$11.7 bln</b> (based on two rounds of counter tariff measures covering the same amount of US\$50 bln (HK\$390 bln) US products)	0.3%
<b>Total</b>	<b>HK\$350.7 bln</b>	<b>4.3%</b>	<b>9.1%</b>		

Sources: C&SD (2018), 《財政司司長出席 2018 亞洲商貿論壇午餐會致辭全文(只有中文)》(2018) and 《商務及經濟發展局局長和主要商會代表與傳媒談話內容》(2018).

3.2 The Financial Secretary has indicated that for the first-round US tariff measures, effective since 6 July 2018 and affecting 818 lines of Mainland products of US\$34 billion (HK\$265 billion), based on the statistics of 2017, about HK\$47 billion of Mainland products concerned were re-exported via Hong Kong to the US, representing about 1.2% of Hong Kong's total exports (Figure 2). If including the second-round measures to be taken effect soon, the total amount re-exported via Hong Kong increased to HK\$53 billion. For the recently announced US tariff measures covering US\$200 billion (HK\$1.56 trillion) of Chinese products, based on the estimate of the Government, about HK\$83.6 billion goods concerned were exported from the Mainland via Hong Kong to the US in 2017, accounting for about 2.2% of Hong Kong's total exports.<sup>44</sup>

3.3 Regarding the restrictive trade measures imposed by the US on **imported steel and aluminium** following its Section 232 Investigation, the Government stated that it had been following up the matter with the US administration and WTO, including filing a formal representation to the US administration to register its objection on 27 February 2018. On 19 April 2018, it made a formal request to join the consultation between China and the US as a third party under the WTO dispute settlement framework. According to the Government, Hong Kong has no domestic exports of the concerned steel products to the US. Re-exports of such products to the US constituted 0.2% of Hong Kong's total exports of the products concerned. As for aluminium products, domestic exports and re-exports to the US totalled US\$38.7 million (HK\$302 million) in 2017, accounting for 8.7% of Hong Kong's total exports of the products concerned.

3.4 According to the International Monetary Fund, escalation of the China-US trade conflict could have quite a serious impact on the economic growth and investment globally.<sup>45</sup> While the magnitude of the impact on Hong Kong arising from the trade conflict remains to be seen, the ensuing paragraphs summarize the major views and concerns from different stakeholders.

---

<sup>44</sup> See 《商務及經濟發展局局長和主要商會代表與傳媒談話內容》(2018).

<sup>45</sup> See International Monetary Fund (2018).

## Major views and concerns on the impact on Hong Kong

### *Export and re-export business*

3.5 Hong Kong is a re-export hub for goods originated in the Mainland. It is believed that additional tariffs imposed on the products exported to the US might have a bearing on the **trade and logistics industry** of Hong Kong,<sup>46</sup> given that the industry is the largest pillar industry contributing to almost **22% of the Gross Domestic Product** with an **employment size of over 730 000 persons** (or 19% of total employment) in 2016. The Government has stated that additional tariff would certainly undermine the market competitiveness of these products and consequentially affect Hong Kong's re-export trade, and local companies engaging in associated supporting industries and services.<sup>47</sup> According to the Trade Development Council, sustained export growth over the near term remains likely based on the export data. Nevertheless, Hong Kong exporters are increasingly pessimistic about the possible impact of the ongoing trade friction, with 43% of those surveyed in the second quarter of 2018 worried about a negative impact.<sup>48</sup>

3.6 The Chinese Manufacturers' Association of Hong Kong considers that the China-US trade conflict might particularly hit **small- and medium-sized enterprises** involved in export business.<sup>49</sup> Recently, the Hong Kong Export Credit Insurance Corporation has announced special enhanced measures to strengthen its support to Hong Kong exporters in view of possible rising credit risk arising from the trade dispute, e.g. offering additional free pre-shipment cover to small export businesses.<sup>50</sup>

3.7 Following the US's release of a proposed list of Chinese products subject to additional tariffs in April 2018, the Government has met with various local chambers of commerce<sup>51</sup> to discuss the impact. According to the Federation of Hong Kong Industries, it has come up with a list of products re-

---

<sup>46</sup> See Hong Kong Business (2018).

<sup>47</sup> See GovHK (2018b).

<sup>48</sup> Only 26% shared the same view in the first quarter of 2018. See Trade Development Council (2018).

<sup>49</sup> See 香港中華廠商聯合會 (2018).

<sup>50</sup> See Hong Kong Export Credit Insurance Corporation (2018).

<sup>51</sup> They included the Federation of Hong Kong Industries; the Chinese Manufacturers' Association of Hong Kong; the Chinese General Chamber of Commerce, Hong Kong; the Hong Kong General Chamber of Commerce; and the Hong Kong Chinese Importers' and Exporters' Association.

exported via Hong Kong from the Mainland that might be mostly affected (e.g. parts of electrical machines and automatic data processing machines), and has requested its members to examine and assess the impact on their export business. The Federation estimates that the trade conflict might eventually lead to layoff in certain industries facing a higher impact such as plastics and molding industries.<sup>52</sup>

### *Risks and opportunities of the manufacturing business*

3.8 Apart from local exporters, there are also worries about the impact on **Hong Kong enterprises with manufacturing businesses in the Mainland**. It is anticipated that in order to avoid the added cost of manufacturing arising from the increased tariffs, some might respond by moving their businesses to the other Asian countries with cheaper production cost.<sup>53</sup>

3.9 On the other hand, the American Chamber of Commerce in Hong Kong is of the view that Hong Kong could withstand the possible turbulence if it continues to develop its regional relationship and leverages on the **Greater Bay Area opportunities**.<sup>54</sup> In addition, it is believed that the business opportunities in Southeast Asia will help offset the potential impact caused by the China-US trade conflict. In 2017, Hong Kong entered a **Free Trade Agreement with the Association of Southeast Asian Nations** ("ASEAN"). ASEAN is the second largest trading partner of Hong Kong in merchandise trade. Under the Free Trade Agreement, Hong Kong exporters will be given preferential tariff treatment by the ASEAN member states on certain types of commodities such as apparel and clothing accessories, and watches and clocks.

3.10 The Chinese General Chamber of Commerce also considers that in the long term, Hong Kong should explore new opportunities through regional partnership to minimize the risk and losses associated with the trade conflict. For example, the **Belt and Road Initiative** will enable businesses to access to more diversified and emerging markets, which will provide impetus for Hong Kong's economic development.<sup>55</sup>

---

<sup>52</sup> See Federation of Hong Kong Industries (2018) and 香港電台(2018).

<sup>53</sup> See 《港中小企料受影響 部分廠商或遷走》(2018).

<sup>54</sup> See The American Chamber of Commerce in Hong Kong (2018).

<sup>55</sup> See The Chinese General Chamber of Commerce, Hong Kong (2018).



## *Food business*

3.11 Apart from export and manufacturing businesses, there are comments that imposing additional tariff on US soybeans might affect Hong Kong's food industry especially those involving in **the supply of soybean-related products**. Based on C&SD's information, soybeans in Hong Kong are mainly imported from Canada. However, some have concerns that as the cost of US soybeans becomes higher, food producers in the Mainland may shift to other sources of soybeans, increasing their demand and thereby driving up the prices. This will in turn cause Hong Kong's **imports of soybeans** overall more costly.

## *Financial market and related services*

3.12 In addition to the above businesses facing a direct threat, it is believed that other economic sectors such as the financial industry will not be immune from the impact should the trade tension escalate. In this regard, the **stock market** will first be hit. In fact, since the beginning of 2018, the stock market as measured by Hang Seng Index has dipped by over 6%, partly reflecting investors' worries over the trade disputes, among other market and economic factors. It is believed that any increase in trade frictions will likely create further turbulence.<sup>56</sup>

3.13 In addition, there are views that the restrictive trade measures might have a bearing on the **banking loan segment**. As indicated by the Hong Kong Monetary Authority, the banking sector's Mainland-related lending including trade finance amounted to HK\$4.07 trillion at the end of the third quarter of 2017, which was over 40% of total loans in the banking sector. While it takes time to see whether there is an impact on the loan segment, the banking industry is reportedly conducting regular risk assessment with stress testing to ensure loan quality.<sup>57, 58</sup>

---

<sup>56</sup> See 《劉怡翔：倘爆貿易戰 全球經濟股市受衝擊》(2018).

<sup>57</sup> See 《金管局：或影響港貸款環境》(2018).

<sup>58</sup> Amid concerns over the trade disputes, it is noted that The People's Bank of China announced on 24 June 2018 to adjust downward the reserve requirement ratios of banks by 50 basis points in order to make more funds available for lending to small Chinese enterprises in need of capital, among other purposes.

3.14 Yet, there is concern that possible slowing of the trade and investment might eventually result in a **reduction in the capital flow** between China and the rest of the world. As Hong Kong is a hub for raising capital especially for Mainland companies, this might have a negative impact not only on financial services firms but also professional services firms involved in the **fund raising business**, such as accounting and legal firms.<sup>59</sup>

3.15 Meanwhile, trade conflict might have **implications on interest rates**. For instance, additional tariffs imposed on Chinese imports will likely increase the cost of goods in the US, which eventually places inflationary pressure domestically and thereby putting an upward pressure on the interest rates in the US. Given that Hong Kong dollar is pegged to the US dollar, this may make interest rates in Hong Kong increasing faster than expected, creating a ripple effect on the economy.<sup>60</sup>

#### 4. Concluding remarks

4.1 The recent China-US trade conflict has aroused grave concern over its impact on Hong Kong, given that it is a small and open economy and is a hub for re-exported goods. The Government has stated that additional tariffs on Chinese imports imposed by the US would have a consequential impact on Hong Kong's re-export trade and local companies engaging in associated supporting industries and services. It has been following up the matter with the US administration and WTO regarding the tariff measures. According to the Government, the US tariff measures imposed on US\$50 billion (HK\$390 billion) Mainland goods would have limited direct impact on Hong Kong's economy this year, estimated to be about 0.1%-0.2% in terms of Gross Domestic Product growth. However, persistence or escalation of the trade conflict will likely affect the investment sentiment and financial market, bringing a greater direct and indirect impact to Hong Kong.<sup>61</sup>

---

<sup>59</sup> See Economist Intelligence Unit (2018).

<sup>60</sup> Ibid.

<sup>61</sup> See 《財政司司長出席 2018 亞洲商貿論壇午餐會致辭全文(只有中文)》(2018) and 《商務及經濟發展局局長和主要商會代表與傳媒談話內容》(2018).

**Major developments on the trade relations between China and the United States since April 2017 (up to 16 July 2018)**

Date	Key developments
6-7 April 2017	<ul style="list-style-type: none"> <li>President Xi Jinping and the US President Donald Trump both met at a high-level summit and announced the establishment of a "100-day action plan on trade" under the framework of CED.</li> </ul>
20 April 2017	<ul style="list-style-type: none"> <li>The US President Donald Trump issued a memorandum directing the Secretary of Commerce of the US to conduct investigations on the national security effects of steel imports under Section 232 Investigation.</li> </ul>
27 April 2017	<ul style="list-style-type: none"> <li>The US President issued a memorandum directing the Secretary of Commerce of the US to conduct investigations on the national security effects of aluminium imports under Section 232 Investigation.</li> </ul>
11 May 2017	<ul style="list-style-type: none"> <li>China and the US announced the initial results of the action plan that China would open its markets to US beef, biotechnology products, credit rating services, electronic payment services, and bond underwriting and settlement. The US agreed to open its markets to Chinese cooked poultry and welcomed China to import US liquefied gas from the US.</li> </ul>
17 May 2017	<ul style="list-style-type: none"> <li>USITC instituted Section 201 Investigation to determine whether increased imports of crystalline silicon photovoltaic cells were a substantial cause of serious injury to the domestic industry.</li> </ul>
5 June 2017	<ul style="list-style-type: none"> <li>USITC instituted Section 201 Investigation to determine whether increased imports of large residential washing machines were a substantial cause of serious injury to the domestic industry.</li> </ul>
19 July 2017	<ul style="list-style-type: none"> <li>China and the US had the first meeting of CED.</li> </ul>
18 August 2017	<ul style="list-style-type: none"> <li>USTR formally initiated Section 301 Investigation on China to determine whether acts, policies, and practices of the Chinese Government related to technology transfer, intellectual property, and innovation are unreasonable or discriminatory, and burden or restrict the US commerce.</li> </ul>

**Major developments on the trade relations between China and the United States since April 2017 (up to 16 July 2018)**

Date	Key developments
8-10 November 2017	<ul style="list-style-type: none"> <li>The US President Donald Trump made a state visit to China and both countries jointly announced that Chinese and US firms had signed commercial deals worth more than US\$250 billion (HK\$1.95 trillion).</li> </ul>
22 January 2018	<ul style="list-style-type: none"> <li>Based on the results of Section 201 Investigation, USITC announced to apply tariff-rate quotas on imports of large residential washing machines and impose tariffs on solar photovoltaic cells and modules.</li> </ul>
6 February 2018	<ul style="list-style-type: none"> <li>China requested consultations with the US under the WTO dispute settlement framework concerning the safeguard measures imposed by the US on imports of large residential washing machines.</li> </ul>
27 February 2018	<ul style="list-style-type: none"> <li>Following the release of the US's Section 232 Investigation findings, which suggest raising tariffs to restrict aluminium imports from markets including Hong Kong, Hong Kong filed a formal representation to the US administration to register the objection.</li> </ul>
8 March 2018	<ul style="list-style-type: none"> <li>After Section 232 Investigation, the US President Donald Trump issued a proclamation imposing safeguard measures on steel (25%) and aluminium (10%).</li> </ul>
22 March 2018	<ul style="list-style-type: none"> <li>In response to the results of Section 301 Investigation, the US President Donald Trump announced that USTR would publish a proposed list of products imported from China and any intended tariff increases within 15 days.</li> </ul>
23 March 2018	<ul style="list-style-type: none"> <li>As part of the actions after Section 301 Investigation, the US filed a request for consultations with China under the WTO dispute settlement framework concerning China's certain measures pertaining to the protection of intellectual property rights.</li> </ul>

**Major developments on the trade relations between China and the United States since April 2017 (up to 16 July 2018)**

Date	Key developments
1 April 2018	<ul style="list-style-type: none"> <li>China responded to the US's action under Section 232 Investigation by increasing tariffs (ranging from 15% to 25%) on 128 tariff lines valued at around US\$3 billion (HK\$23 billion) on various imports from the US (including pork products, aluminium waste and scrap, and selected fruits and nuts).</li> </ul>
3 April 2018	<ul style="list-style-type: none"> <li>Following the announcement of the US President Donald Trump on 22 March 2018 in relation to Section 301 Investigation, USTR announced a proposed list of 1 333 products including colour televisions, machine and electrical parts, and motor and vehicles that may be subject to an additional tariff of 25%.</li> </ul>
4 April 2018	<ul style="list-style-type: none"> <li>Following the US's announcement on 3 April 2018, China responded with a list targeting various US products valued at about US\$50 billion (HK\$390 billion), including soybeans, aircraft, and motor vehicles and parts, that would be subject to 25% tariffs. On the same day, China filed a request for consultations with the US regarding the Section 301 measures under the WTO dispute settlement framework.</li> </ul>
5 April 2018	<ul style="list-style-type: none"> <li>In response to the counter action of China on 4 April 2018, the US President instructed USTR to propose additional tariffs on US\$100 billion (HK\$779 billion) worth of Chinese products (no further details have been announced yet).</li> <li>On the other hand, China filed a request under the WTO dispute settlement framework for consultations with the US concerning the US's actions under the US Section 232 Investigation.</li> </ul>
19 April 2018	<ul style="list-style-type: none"> <li>Regarding the US's Section 232 Investigation findings and related measures, the Hong Kong Government made a formal request to join the consultation between China and the US under the WTO dispute settlement framework.</li> </ul>

**Major developments on the trade relations between China and the United States  
since April 2017 (up to 16 July 2018)**

Date	Key developments
19 May 2018	<ul style="list-style-type: none"> <li>According to the joint statement of China and the US regarding trade consultations, "there was a consensus on taking effective measures to substantially reduce the United States trade deficit in goods with China".</li> </ul>
24 May 2018	<ul style="list-style-type: none"> <li>Concerning Section 201 measures imposed by the US, China requested to join South Korea's consultations with the US under the WTO dispute settlement framework regarding the safeguard measures on imports of certain crystalline silicon photovoltaic products.</li> </ul>
29 May 2018	<ul style="list-style-type: none"> <li>Following the release of the proposed list of 1 333 products on 3 April 2018, the Trump administration announced to impose additional tariff of 25% on approximately US\$50 billion (HK\$390 billion) worth of Chinese imports containing industrially significant technologies, including those related to China's "Made in China 2025" industrial policy. The final list would be announced by 15 June 2018.</li> <li>Besides, the Trump Administration also announced that it would implement "specific investment restrictions and enhanced export controls for Chinese persons and entities related to the acquisition of industrially significant technology" and details would be announced by 30 June 2018 (no further details were announced that day).</li> </ul>
15 June 2018	<ul style="list-style-type: none"> <li>Following the announcement on 29 May 2018 on the Section 301 measures, the Trump administration announced the final list of imports of 1 102 items valued at US\$50 billion (HK\$390 billion) subject to additional tariff of 25%, of which 818 lines of products worth US\$34 billion (HK\$265 billion) would take effect from 6 July 2018, and the remaining 284 lines of products worth approximately US\$16 billion (HK\$124 billion) would undergo further review.</li> </ul>

**Major developments on the trade relations between China and the United States  
since April 2017 (up to 16 July 2018)**

Date	Key developments
16 June 2018	<ul style="list-style-type: none"> <li>In response to the US's announcement on 15 June 2018 regarding the Section 301 measures, CTCSC decided to impose additional tariff of 25% on 659 items of US products worth about US\$50 billion (HK\$390 billion), of which 545 lines of products worth US\$34 billion (HK\$265 billion) would take effect from 6 July 2018, and the implementation date of the remaining 114 lines of products worth about US\$16 billion (HK\$124 billion) would be announced later.</li> </ul>
18 June 2018	<ul style="list-style-type: none"> <li>In response to China's counter measures announced on 16 June 2018 regarding additional tariff on US goods, the US President Donald Trump directed USTR to identify US\$200 billion (HK\$1.56 trillion) worth of Chinese goods for additional tariffs of 10%; and stated that if China increased its tariffs yet again, the US would pursue additional tariffs on another US\$200 billion (HK\$1.56 trillion) of goods.</li> </ul>
27 June 2018	<ul style="list-style-type: none"> <li>The US President Donald Trump announced that he would direct his administration to implement the Foreign Investment Risk Review Modernization Act promptly upon enactment to address concerns raised in Section 301 Investigation.</li> </ul>
5 July 2018	<ul style="list-style-type: none"> <li>Concerning the Section 301 measures against China, it was reported that the US President Donald Trump would subject the remaining 284 lines of Chinese products worth US\$16 billion (HK\$124 billion) to additional 25% tariff in two weeks.</li> </ul>
6 July 2018	<ul style="list-style-type: none"> <li>Formal implementation of the tariff measures on the first batch of imports in both China and the US.</li> <li>Premier Li Keqiang stated that "no one will win by fighting a trade war, yet China will take counter measures in the face of unilateral moves".</li> <li>MOFCOM lodged an additional complaint with WTO against the US's restrictive measures under its Section 301 Investigation.</li> <li>USTR announced the procedure for US stakeholders to request that particular products be excluded from additional tariff to address particular concerns, e.g. products are only available from China.</li> </ul>

**Major developments on the trade relations between China and the United States since April 2017 (up to 16 July 2018)**

Date	Key developments
11 July 2018	<ul style="list-style-type: none"> <li>• USTR released a proposed list of Chinese product comprising 6 031 items valued at US\$200 billion (HK\$1.56 trillion) for imposition of 10% additional tariff. The list would be open for public comment until late August 2018.</li> <li>• MOFCOM responded after the US announcement, stating that the escalating action taken by the US was totally unacceptable. It also stated that to defend the core interests of the nation, the Chinese Government would take necessary countermeasures, and would appeal to the international community to jointly defend free trade rules and multilateral trade regime, and fight against trade bullying.</li> </ul>
16 July 2018	<ul style="list-style-type: none"> <li>• MOFCOM lodged an additional complaint with WTO over the US action announced on 11 July 2018.</li> </ul>



## References

### China

1. Hong, X.Y. (2018) China: From humble student of world trade to staunch defender. *The Straits Times*, 25 April 2018. Available from: [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zwjg\\_665342/zwbd\\_665378/t1554228.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1554228.shtml) [Accessed July 2018].
2. Ministry of Commerce, People's Republic of China. (2017) *Research Report on China-US Economic and Trade Relations*. Available from: <http://images.mofcom.gov.cn/english/201705/20170527135249117.pdf> [Accessed July 2017].
3. Ministry of Commerce, People's Republic of China. (2018a) *MOFCOM Announcement No.34 of 2018 on Imposing Additional Tariff on Several Imports of Products Originating in the US*. Available from: <http://english.mofcom.gov.cn/article/policyrelease/announcement/201804/20180402734699.shtml> [Accessed July 2018].
4. Ministry of Commerce, People's Republic of China. (2018b) *Announcement on Imposing Tariffs on Some Goods Originating in the US*. Available from: <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201806/20180602757681.shtml> [Accessed July 2018].
5. Ministry of Commerce, People's Republic of China. (2018c) *MOFCOM Announcement No.34 of 2018 on Imposing Additional Tariff on Several Imports of Products Originating in the U.S*. Available from: <http://english.mofcom.gov.cn/article/policyrelease/announcement/201804/20180402734699.shtml> [Accessed July 2018].
6. Ministry of Commerce, People's Republic of China. (2018d) *MOFCOM Spokesman Comments on the US Trade Measures against China*. Available from: <http://english.mofcom.gov.cn/article/newsrelease/policyreleasing/201806/20180602757671.shtml> [Accessed July 2018].
7. Ministry of Commerce, People's Republic of China. (2018e) *Statement of the Spokesperson of the Ministry of Commerce on China's Initiation of WTO Dispute Settlement Procedure Against U.S. Tariff Under the 301 Investigation*. Available from: <http://english.mofcom.gov.cn/article/consulorsreport/americaandocanreport/201804/20180402732240.shtml> [Accessed July 2018].

8. The State Council of the People's Republic of China. (2017) *Understanding the \$250b China-US deal*. Available from: [http://english.gov.cn/news/video/2017/11/10/content\\_281475938083206.htm](http://english.gov.cn/news/video/2017/11/10/content_281475938083206.htm) [Accessed July 2018].
9. The State Council of the People's Republic of China. (2018a) *China launches dispute settlement procedure over US Section 232 measures*. Available from: [http://english.gov.cn/state\\_council/ministries/2018/04/05/content\\_281476102533856.htm](http://english.gov.cn/state_council/ministries/2018/04/05/content_281476102533856.htm) [Accessed July 2018].
10. The State Council of the People's Republic of China. (2018b) *Premier says trade war has no winner*. Available form: [http://english.gov.cn/premier/news/2018/07/06/content\\_281476211787686.htm](http://english.gov.cn/premier/news/2018/07/06/content_281476211787686.htm) [Accessed July 2018].
11. Xinhuanet. (2018a) *China launches WTO complaint on U.S. Section 301 tariffs: MOC*. Available from: [http://www.xinhuanet.com/english/2018-07/06/c\\_137306644.htm](http://www.xinhuanet.com/english/2018-07/06/c_137306644.htm) [Accessed July 2018].
12. Xinhuanet. (2018b) *China's MOC spokesperson makes remarks about U.S. announcement of list of tariffs on 200-bln-USD Chinese goods*. Available from: [http://www.xinhuanet.com/english/2018-07/11/c\\_137316837.htm](http://www.xinhuanet.com/english/2018-07/11/c_137316837.htm) [Accessed July 2018].
13. 中華人民共和國海關總署：《2017年12月進出口商品國別(地區)總值表(人民幣)》，2018年1月23日。網址：<http://www.customs.gov.cn/customs/302249/302274/302276/1421014/index.html> [於2018年7月登入]。
14. 中華人民共和國財政部：《國務院關稅稅則委員會對原產於美國的部分進口商品中止關稅減讓義務的通知》，2018年4月1日。網址：[http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201804/t20180401\\_2857769.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201804/t20180401_2857769.html) [於2018年7月登入]。
15. 中華人民共和國財政部：《國務院關稅稅則委員會關於對原產於美國500億美元進口商品加征關稅的公告》，2018年6月16日，網址：[http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201806/t20180616\\_2930325.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201806/t20180616_2930325.html) [於2018年7月登入]。

16. 中華人民共和國財政部：《國務院關稅稅則委員會關於對原產於美國的部分進口商品加征關稅的公告》，2018年4月4日。網址：[http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201804/t20180408\\_2862844.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201804/t20180408_2862844.html) [於2018年7月登入]。
17. 中華人民共和國商務部：《2017年美國貨物貿易及中美雙邊貿易概況》，2018年3月7日。網址：[https://countryreport.mofcom.gov.cn/record/view110209.asp?news\\_id=58151](https://countryreport.mofcom.gov.cn/record/view110209.asp?news_id=58151) [於2018年7月登入]。
18. 中華人民共和國商務部：《中美兩國商務部聯合發佈〈中美貨物貿易統計差異研究第二階段報告〉》，2013年1月25日，網址：<http://www.mofcom.gov.cn/article/ae/ai/201301/20130100012598.shtml> [於2018年7月登入]。
19. 中華人民共和國商務部：《如果美方出台貿易制裁措施，談判成果將不會生效》，2018年6月4日。網址：<http://chinawto.mofcom.gov.cn/article/dh/janghua/201806/20180602751813.shtml> [於2018年7月登入]。
20. 中華人民共和國商務部：《商務部新聞發言人就美方公佈擬對我2000億美元輸美產品加征關稅清單發表談話》，2018年7月11日。網址：<http://www.mofcom.gov.cn/article/ae/ag/201807/20180702764848.shtml> [於2018年7月登入]。
21. 中華人民共和國商務部：《商務部新聞發言人就美國對340億美元中國產品加征關稅發表談話》，2018年7月6日，網址：<http://www.mofcom.gov.cn/article/ae/ag/201807/20180702763232.shtml> [於2018年7月登入]。

### Hong Kong

22. *Census and Statistics Department, Hong Kong*. Available from: <https://www.censtatd.gov.hk/home/index.jsp> [Accessed July 2018].
23. Economist Intelligence Unit. (2018) *Caught in the middle: how a trade war might affect Hong Kong*. 19 April.

24. Federation of Hong Kong Industries. (2018) *US Trade Representative Releases Proposed Tariff List on Chinese Products Under Section 301 Action*. Available from: <https://www.industryhk.org/upload/news/attachment/47e566d7529ca2711793b0dbb1e83276.pdf> [Accessed July 2018].
25. GovHK. (2018a) LCQ6: *Trade relations between Hong Kong and United States*. Available from: <http://www.info.gov.hk/gia/general/201803/28/P2018032800501.htm?fontSize=> [Accessed July 2018].
26. GovHK. (2018b) LCQ18: *Imposition of tariffs by the United States on certain imports from Hong Kong*. Available from: <http://www.info.gov.hk/gia/general/201804/25/P2018042500399.htm> [Accessed July 2018].
27. Hong Kong Business. (2018) *US-China trade war could cost one in 5 Hong Kong jobs: FS Chan*. Available from: <https://hongkongbusiness.hk/economy/news/us-china-trade-war-could-cost-one-in-5-hong-kong-jobs-fs-chan> [Accessed July 2018].
28. Hong Kong Export Credit Insurance Corporation. (2018) *HKECIC Introduces Special Enhanced Measures to Support Hong Kong Exporters*. Available from: [http://www.hkecic.com/files/glancepdf/announcements\\_en20180625142721580.pdf](http://www.hkecic.com/files/glancepdf/announcements_en20180625142721580.pdf) [Accessed July 2018].
29. Hong Kong Monetary Authority. (2018) Available from: <http://www.hkma.gov.hk/eng/> [Accessed July 2018].
30. The American Chamber of Commerce in Hong Kong. (2018) *Downward spiral of U.S.-China trade spat will hurt Hong Kong, commerce chief Edward Yau warns*. Available from: <http://www.amcham.org.hk/news/downward-spiral-of-us-china-trade-spat-will-hurt-hong-kong-commerce-chief-edward-yau-warns> [Accessed July 2018].
31. The Chinese General Chamber of Commerce. (2018) *Industrial and commercial businesses in Hong Kong must quickly evaluate the impact of a trade war on short- and mid-term business activities and take steps to prevent and deal with those changes*. Available from: [https://www.cgcc.org.hk/en/temp18\\_detail.php?cid=2&sid=18&tid=0&tabid=0&id=112](https://www.cgcc.org.hk/en/temp18_detail.php?cid=2&sid=18&tid=0&tabid=0&id=112) [Accessed July 2018].

32. Trade Development Council. (2018) *Mid-year Export Review. Potential Growth Overshadowed by Looming Trade Disputes*. Available from: <http://hong-kong-economy-research.hktdc.com/business-news/article/Research-Articles/2018-Mid-Year-Export-Review-Potential-Growth-Overshadowed-by-Looming-Trade-Disputes/rp/en/1/1X491C3X/1X0AEAUC.htm> [Accessed July 2018].
33. 《【中美貿易戰】商經局局長邱騰華：香港未有角色直接介入貿易戰》，《香港 01》，2018 年 4 月 6 日。網址：<https://www.hk01.com/%E7%A4%BE%E6%9C%83%E6%96%B0%E8%81%9E/175295/%E4%B8%AD%E7%BE%8E%E8%B2%BF%E6%98%93%E6%88%B0-%E5%95%86%E7%B6%93%E5%B1%80%E5%B1%80%E9%95%B7%E9%82%B1%E9%A8%B0%E8%8F%AF-%E9%A6%99%E6%B8%AF%E6%9C%AA%E6%9C%89%E8%A7%92%E8%89%B2%E7%9B%B4%E6%8E%A5%E4%BB%8B%E5%85%A5%E8%B2%BF%E6%98%93%E6%88%B0> [於 2018 年 7 月登入]。
34. 《金管局：或影響港貸款環境》，《文匯報》，2018 年 3 月 24 日。網址：<http://paper.wenweipo.com/2018/03/24/FI1803240008.htm> [於 2018 年 7 月登入]。
35. 《港中小企料受影響 部分廠商或遷走》，《星島日報》，2018 年 3 月 23 日。網址：<http://std.stheadline.com/daily/news-content.php?id=1770746&target=2> [於 2018 年 7 月登入]。
36. 《與東盟合作可抵銷貿易戰影響》，《香港商報網》，2018 年 4 月 20 日。網址：[http://www.hkcd.com/content/2018-04/20/content\\_1086357.html](http://www.hkcd.com/content/2018-04/20/content_1086357.html) [於 2018 年 7 月登入]。
37. 《劉怡翔：倘爆貿易戰 全球經濟股市受衝擊》，《信報財經新聞》，2018 年 3 月 2 日。網址：<http://www2.hkej.com/instantnews/hongkong/article/1779937> [於 2018 年 7 月登入]。
38. 政府新聞公報：《財政司司長出席 2018 亞洲商貿論壇午餐會致辭全文(只有中文)》，2018 年 7 月 9 日。網址：<http://www.info.gov.hk/gia/general/201807/09/P2018070900756.htm> [於 2018 年 7 月登入]。

39. 政府新聞公報：《商務及經濟發展局局長和主要商會代表與傳媒談話內容》，2018年7月16日。網址：<http://www.info.gov.hk/gia/general/201807/16/P2018071600957.htm?fontSize=1> [於2018年7月登入]。
40. 香港中華廠商聯合會：《廠商會強烈抗議美國掀貿易戰 憂對業界帶來重大打擊》，2018年3月23日。網址：<http://www.cma.org.hk/news-detail/9051/55> [於2018年7月登入]。
41. 香港電台：《貿發局料貿易戰不拖低港經濟 工總料部分行業或需裁員》，2018年7月9日。網址：<http://news.rthk.hk/rthk/ch/component/k2/1406023-20180709.htm> [於2018年7月登入]。
42. 商務及經濟發展局工商及旅遊科：《商務及經濟發展局局長與傳媒談話內容》，2018年4月3日。網址：[http://www.cedb.gov.hk/citb/tc/Pub\\_Press/Press\\_Releases/2018/P2018040300502.html](http://www.cedb.gov.hk/citb/tc/Pub_Press/Press_Releases/2018/P2018040300502.html) [於2018年7月登入]。
43. 商務及經濟發展局工商及旅遊科：《商務及經濟發展局局長談美國對進口鋼鐵和鋁的調查及香港電台資源》，2018年2月27日。網址：<https://www.info.gov.hk/gia/general/201802/27/P2018022700866p.htm> [於2018年7月登入]。

### The United States

44. CNBC. (2018a) *White House may be using a softer tone, but it's still targeting Chinese investment in the US*. Available from: <https://www.cnbc.com/2018/06/27/white-house-still-targeting-chinese-investments-in-the-us-cfius-reform.html> [Accessed July 2018].
45. CNBC. (2018b) *Trump says China could face more than \$500 billion in US tariffs*. Available from: <https://www.cnbc.com/2018/07/05/trump-says-us-will-impose-16-billion-in-additional-tariffs-on-china-i.html> [Accessed July 2018].

46. Congressional Research Service. (2018) *China-US Trade Issues*. 16 April. Available from: <https://fas.org/sgp/crs/row/RL33536.pdf> [Accessed July 2018].
47. Stephen, J. R. (2018) Is Foreign Trade the Cause of Manufacturing Job Losses? *Urban Institute*, April. Available from: [https://www.urban.org/sites/default/files/publication/97781/is\\_foreign\\_trade\\_the\\_cause\\_of\\_manufacturing\\_job\\_losses\\_2.pdf](https://www.urban.org/sites/default/files/publication/97781/is_foreign_trade_the_cause_of_manufacturing_job_losses_2.pdf) [Accessed July 2018].
48. The White House. (2017) *Fact Sheets – President Donald J. Trump's Visit to China*. 10 November. Available from: <https://www.whitehouse.gov/briefings-statements/president-donald-j-trumps-visit-china/> [Accessed July 2018].
49. *The White House*. (2018a) Available from: <https://www.whitehouse.gov/> [Accessed July 2018].
50. The White House. (2018b) *Statements & Releases – Joint Statement of the United States and China Regarding Trade Consultations*. 19 May. Available from: <https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-china-regarding-trade-consultations/> [Accessed July 2018].
51. The White House. (2018c) *Statements & Releases – Statement from the President Regarding Trade with China*. 18 June. Available from: <https://www.whitehouse.gov/briefings-statements/statement-president-regarding-trade-china-2/> [Accessed July 2018].
52. The White House. (2018d) *Statements & Releases – Statement from the President Regarding Investment Restrictions*. 27 June. Available from: <https://www.whitehouse.gov/briefings-statements/statement-president-regarding-investment-restrictions/> [Accessed July 2018].
53. The White House. (2018e) *Statements & Releases – Statement on Steps to Protect Domestic Technology and Intellectual Property from China's Discriminatory and Burdensome Trade Practices*. Available from: <https://www.whitehouse.gov/briefings-statements/statement-steps-protect-domestic-technology-intellectual-property-chinas-discriminatory-burdensome-trade-practices/> [Accessed July 2018].

54. Time. (2016) *Read Donald Trump's Speech on Trade*. Available from: <http://time.com/4386335/donald-trump-trade-speech-transcript/> [Accessed July 2018].
55. US Chamber of Commerce. (2018) *A state-by-state breakdown of products targeted for retaliation by China, the EU, Mexico, and Canada, as well as how much those retaliatory tariffs could cost each state*. Available from: <http://www.thewrongapproach.com> [Accessed July 2018].
56. US Department of Commerce. (2017a) *Joint Release: Initial Results of the 100-Day Action Plan of the U.S.-China Comprehensive Economic Dialogue*. 11 May. Available from: <https://www.commerce.gov/news/press-releases/2017/05/joint-release-initial-results-100-day-action-plan-us-china-comprehensive> [Accessed July 2018].
57. US Department of Commerce. (2017b) *Statement from Secretary Ross and Secretary Mnuchin Following the U.S.-China Comprehensive Economic Dialogue*. 19 July. Available from: <https://www.commerce.gov/news/press-releases/2017/07/statement-secretary-ross-and-secretary-mnuchin-following-us-china> [Accessed July 2018].
58. US Department of the Treasury. (2017) *U.S.-China Comprehensive Economic Dialogue*. Available from: <https://www.treasury.gov/initiatives/Pages/china.aspx> [Accessed July 2018].
59. United States International Trade Commission. (undated) *Understanding Safeguard Investigations*. Available from: [https://www.usitc.gov/press\\_room/us\\_safeguard.htm](https://www.usitc.gov/press_room/us_safeguard.htm) [Accessed July 2018].
60. US-China Business Council. (2017) *Understanding the US-China Trade Relationship*. Available from: <https://www.uschina.org/sites/default/files/Oxford%20Economics%20US%20Jobs%20and%20China%20Trade%20Report.pdf> [Accessed July 2018].
61. *Office of the United States Trade Representative*. (2018a) Available from: <https://ustr.gov/> [Accessed July 2018].
62. *Office of the United States Trade Representative*. (2018b) *USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices*. Available from: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products> [Accessed July 2018].



63. Office of the United States Trade Representative. (2018c) *Statement By U.S. Trade Representative Robert Lighthizer on Section 301 Action*, Available from: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/july/statement-us-trade-representative> [Accessed July 2018].
64. Office of the United States Trade Representative. (2018c) *USTR Releases Product Exclusion Process for Chinese Products Subject to Section 301 Tariffs*. Available from: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/july/ustr-releases-product-exclusion> [Accessed July 2018].
65. United States Census Bureau. (2017) *Top Trading Partners - December 2017*. Available from: <https://www.census.gov/foreign-trade/statistics/highlights/top/top1712yr.html> [Accessed July 2018].

## Others

66. International Monetary Fund. (2018) *Transcript of Press Briefing on the Regional Economic Outlook for Asia and Pacific*. Available from: <http://www.imf.org/en/News/Articles/2018/05/11/tr050918-press-briefing-on-launch-of-asia-pacific-regional-economic-outlook> [Accessed July 2018].
67. World Trade Organization. (2018) *DS545: United States — Safeguard measure on imports of crystalline silicon photovoltaic products*. Available from: [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds545\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds545_e.htm) [Accessed July 2018].

---

Prepared by Tiffany NG and Kent CHUNG  
Research Office  
Information Services Division  
Legislative Council Secretariat  
17 July 2018  
Tel: 3919 3581

---

*Information notes are compiled for Members and Committees of the Legislative Council. They are not legal or other professional advice and shall not be relied on as such. Information notes are subject to copyright owned by The Legislative Council Commission (The Commission). The Commission permits accurate reproduction of Information notes for non-commercial use in a manner not adversely affecting the Legislative Council, provided that acknowledgement is made stating the Research Office of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library. The paper number of this issue of Information Note is IN14/17-18.*