President Removes Special Status from Hong Kong by Executive Order Eliminating Policy Exemptions that Gave Hong Kong Differential Treatment from China

7.15.2020

In a press conference on July 14, 2020, followed by an Executive Order, President Trump declared that Hong Kong "is no longer sufficiently autonomous to justify differential treatment in relation to the People's Republic of China (PRC or China)" *Id*. The President stated that "recent actions taken by the PRC to fundamentally undermine Hong Kong's autonomy, constitutes an unusual and extraordinary threat, which has its source in substantial part outside the United States, to national security, foreign policy, and the economy of the United States. I hereby declare a national emergency with respect to that threat."

From an international trade perspective, this means that Hong Kong will be treated the same as China for both import and export laws. Federal agencies were given 15 days to "commence all appropriate actions to further the purposes" of the Executive Order.

The Senate on July 2, 2020, had unanimously approved Legislation to imposed mandatory sanctions on Chinese officials and entities that were involved in implementing China's new "national security law which criminalized many forms of dissent and allowed Hong Kong residents to be extradited to China for trial. The bill was approved by the House of Representatives on July 3.

These actions mean that the many tariffs imposed on China pursuant to section 301 of the Trade Act of 1974 would now apply to Hong Kong. (See Client Alerts December 13, 2019, and August 26, 2019.) According to the Department of Commerce Bureau of Economic Analysis, in 2019, U.S. exports of goods and services to Hong Kong were $45.8 billion, and imports from Hong Kong were $16.8 billion. The top import categories include: special classification provisions (e.g., general merchandise), electric

Related People

Catherine M. Karol
Of Counsel

Related Services

International Business

International Trade and Customs Specialty Team machinery, and precious stones. Leading services imports from Hong Kong to the U.S. were in the transport, financial services, and travel sectors.

Moreover, prospects for a Phase II of the so-called China trade deal are dim. The U.S and China had a phase one agreement that essentially created a standstill in the war of escalating tariffs but did nothing to roll back existing tariffs (See Client Alert). There was a hope among many that the Phase II deal reported being scheduled for after elections would roll back existing tariffs.

Various other trade actions against China under the antidumping and countervailing duty laws would now also apply to products produced or exported from Hong Kong.

Butzel Long attorneys are available to counsel clients on specific aspects of these actions

Leslie Alan Glick
202.454.2839
glick@butzel.com

Catherine Karol
313.225.5308
karol@butzel.com

Mitch Zajac
313.225.7059
zajac@butzel.com

Raul Rangel Miguel
202.454.2841
rangel@butzel.com

Bill Quan Yang
313.225.7094
yang@butzel.com

He Xian
517.372.4449
xian@butzel.com