



Wade Weems and John Han on Hong Kong's Loss of U.S. Preferential Trading Status

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The Trump Administration's recent announcement to end its preferential treatment of Hong Kong in regards to trade bears significant potential consequences for the East Asian city. As such, in a *Hong Kong Lawyer* article, Kobre & Kim's Wade Weems and John Han warned Hong Kong-based businesses to prepare for a more troubled U.S.-Hong Kong trading relationship and legal environment.

One risk stems from the possible termination of the U.S.-Hong Kong extradition treaty, which may turn Hong Kong into a safe haven from U.S. law and threatens law enforcement cooperation, including MLAT requests. Regulatory clarity may also suffer as information sharing drops, and the city may become further isolated from the West. Another risk is from the extension of export controls, especially on "dual-use" technologies, over Hong Kong. Companies with supply chains that touch Hong Kong will have to be vigilant to these changes and possibly to even further enforcement actions against trade that can cripple a company's global operations.

On top of that, a third risk comes from increased trade and commercial disputes. There are extensive commercial and financial ties between Hong Kong and the U.S., so an uncertain and shifting legal and regulatory environment will become ripe for litigation and arbitration. In light of all these risks, businesses and individuals operating in Hong Kong must take steps, such as a comprehensive review of business practices and the retaining of outside counsel, to prepare for the new chapter in Hong Kong and U.S. trade relations.

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