

TRUMP ENDS HK'S SPECIAL TRADE STATUS, BACKS SANCTIONS

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Firm action:The Hong Kong Autonomy Act authorises sanctions against Chinese officials and Hong Kong police. APEvan Vucci

U.S. President Donald Trump on Tuesday stripped Hong Kong of preferential trade treatment and authorised sanctions on banks over China's clampdown in the financial hub, infuriating Beijing that vowed to retaliate.

In a discursive news conference dominated by attacks on his domestic rivals, Mr. Trump declared himself to be the toughest President ever on China, a country he is increasingly positioning as his nemesis ahead of the November elections.

Mr. Trump announced that he had issued an executive order on Hong Kong as he predicted decline for the restless city, on which Beijing recently imposed a tough new security law.

"Hong Kong will now be treated the same as mainland China — no special privileges, no special economic treatment and no export of sensitive technologies," Mr. Trump said in the White House Rose Garden.

"Their freedom has been taken away; their rights have been taken away," Mr. Trump added.

"And with it goes Hong Kong, in my opinion, because it will no longer be able to compete with free markets. A lot of people will be leaving Hong Kong."

Targeting banks

Mr. Trump also said he had signed into law the Hong Kong Autonomy Act, which authorises sanctions against Chinese officials and Hong Kong police seen as infringing on the city's autonomy — and, crucially, any banks that make significant transactions with them.

Lawmakers hope the new law will force all but provincial Chinese banks to choose between abetting Beijing's efforts in Hong Kong or being able to conduct transactions in U.S. dollars and operate in the world's largest economy.

"This law gives my administration powerful new tools to hold responsible the individuals and the entities involved in extinguishing Hong Kong's freedom," Mr. Trump said.

China on Wednesday vowed to retaliate, saying the Hong Kong Autonomy Act "maliciously slanders" its legislation in Hong Kong.

"China will make necessary responses to protect its legitimate interests, and impose sanctions on relevant U.S. personnel and entities," the Chinese Foreign Ministry said.

The White House acknowledged concerns that the Hong Kong Autonomy Act, a tougher follow-up to a law last year, limits the President's leeway to waive sanctions.

But the Act enjoyed overwhelming bipartisan support, meaning Congress could likely override any presidential veto.

“Today, the U.S. made clear to China that it cannot continue its assault on freedom and human rights in Hong Kong without severe repercussions,” said Senator Chris Van Hollen, a Democrat who spearheaded the law.

‘Swift rebuke’

“The Chinese government’s aggression merits this swift rebuke,” he said.

But Julia Friedlander, a senior fellow at the Atlantic Council think tank, said “Hong Kong will suffer and China will likely gain” from the move.

She said the U.S. action will have a “devastating impact on Hong Kong as the financial gateway to Western markets” while raising the profile of mainland Chinese markets for foreign firms and governments looking to bankroll global supply chains out of Asia.

Beijing defied international warnings by imposing the security law, which criminalises subversion and other offences in Hong Kong, to which it promised autonomy before Britain handed the territory back in 1997.

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