

August 16, 2024

The Editor
Washington Post

Dear Editor,

We strongly refute the misleading and unfounded op-ed by Samuel Bickett and Shannon Van Sant “How Russia, Iran and North Korea use Hong Kong to evade sanctions” (August 5).

We are deeply dismayed by the authors’ deliberate attempt to confuse readers about Hong Kong’s obligations and efforts to comply with sanctions imposed by the United Nations Security Council (UNSC) on the one hand, and insinuate that Hong Kong needs to implement unilateral measures imposed by the United States on the other. Certain countries may impose unilateral sanctions against some places on the basis of their own considerations. The Hong Kong Special Administrative Region (HKSAR) Government does not have the authority to, and will not, implement unilateral sanctions imposed by other countries.

The authors have willfully neglected the long established robust system of the HKSAR Government in implementing UNSC sanctions to fulfill our international obligations, and ensuring that we are fully compliant with all the UNSC’s latest adopted resolutions and sanctions lists. UNSC sanctions in respect of the Democratic People’s Republic of Korea are fully implemented in the HKSAR by the United Nations Sanctions (Democratic People’s Republic of Korea) Regulation, while restrictions imposed by the UNSC on Iran are fully implemented under the United Nations Sanctions (Joint Comprehensive Plan of Action–Iran) Regulation.

Apart from our comprehensive legislative framework, an integral part of our implementation of UNSC sanctions is robust enforcement. Hong Kong has developed our mechanism of monitoring and following up intelligence about suspected UNSC sanction evasions, and takes seriously, among various information sources, reports of the relevant Committees or Panels of Experts under the UNSC. The vigilant and concerted efforts of our enforcement agencies, including the Marine Department (MD) and Companies Registry (CR), create strong deterrent effects against UNSC sanctions evaders. Insofar as ownership and management of vessels suspected of evading UNSC sanctions are concerned, the MD denies entry of UNSC-designated and suspicious vessels into Hong Kong. Meanwhile, the CR keeps a close watch and conducts, as appropriate, inspection of suspicious Hong Kong-based companies, as well as their connecting parties including trust or company service providers that are at higher risks of being abused for involvement in UNSC sanction evasion activities. In the past three years, no UNSC-designated vessels have been granted entry into Hong Kong waters to

make use of Hong Kong to evade sanctions. All these are conducive to preventing attempts to take advantage of Hong Kong's inherent strengths in business friendliness to evade UNSC sanctions. The narratives against the HKSAR Government's robust system in implementing UNSC sanctions are nothing more than a malicious attempt to discredit and defame Hong Kong.

At the same time, Hong Kong has a robust strategic trade control regime, which mirrors the control list of international conventions and regimes. Licence would not be granted for re-export/transshipment/transit of an item under our control list if we know that the originating country would not permit export of the same item to the same destination or entity.

The authors' recommendation on designating Hong Kong as "primary money laundering concern" is grossly unreasonable. As an international financial centre and a free-market economy, Hong Kong attaches great importance to safeguarding the integrity of our financial systems. Over the years, Hong Kong has established a comprehensive anti-money laundering and counter-terrorist financing (AML/CTF) regime featuring a robust legal framework, effective law enforcement and rigorous preventive measures, observing the international requirements stipulated by the Financial Action Task Force (FATF).

As a matter of fact, Hong Kong is reputed for effective AML/CTF implementation through the rigorous monitoring of regulators and the culture of compliance in our financial and professional service sectors. This is evidenced in the 4th round mutual evaluation of Hong Kong conducted by the FATF, in which the findings have concluded that Hong Kong has a strong legal foundation and effective system for combatting ML/TF, especially in the areas of risk identification, law enforcement, asset recovery as well as international co-operation. With its AML/CTF system considered to be compliant and effective, Hong Kong is the first jurisdiction in the Asia-Pacific region assessed by the FATF to have achieved an overall compliant result. Since the 4th round mutual evaluation, our CR has taken a series of measures in stepping up the regulation of trust or company service providers, the full range of risk-based supervision has also applied to other designated non-financial businesses and professions such as real estate agents and accountants. The efforts made by Hong Kong have been duly recognised by the FATF, leading to a further rating upgrade in Hong Kong's follow-up assessment in 2023.

The authors' concluding remarks that "Hong Kong is undermining the world's security, stability and liberty" are entirely groundless and totally unsubstantiated. As always, Hong Kong is a responsible member of the international community, and we will continue to stringently implement our robust strategic trade control regime and all UNSC sanctions in accordance with the law and proactively follow up on all suspected violations. Meanwhile, we will continue to proactively collaborate with global partners to uphold the veracity of the financial systems.

Yours sincerely,

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Secretary for Commerce and Economic Development
The Government of the Hong Kong Special Administrative Region

(ENDS)