

Key Features of the Hong Kong- ASEAN Free Trade Agreement

Trade in Goods

- ASEAN Member States (AMS) have agreed to progressively eliminate or reduce their customs duties on goods originating from Hong Kong. Individual AMS has made the following commitments:
 - * Singapore commits to binding all its customs duties at zero, with effect from the date on which the FTA enters into force for Singapore;
 - * Brunei Darussalam, Malaysia, the Philippines and Thailand will eliminate customs duties of about 85 per cent of their tariff lines within 10 years and reduce customs duties of about another 10 per cent of their tariff lines within 14 years;
 - * Indonesia and Viet Nam will eliminate customs duties of about 75 per cent of their tariff lines within 10 years and reduce customs duties of about another 10 per cent of their tariff lines within 14 years; and
 - * Cambodia, Laos and Myanmar will eliminate customs duties of about 65 per cent of their tariff lines within 15 years and reduce customs duties of about another 20 per cent of their tariff lines within 20 years.
- The tariff reduction commitments cover different kinds of commodities, including jewellery, articles of apparel and clothing accessories, watches and clocks, toys, etc. For instance, Brunei Darussalam will grant tariff free access to articles of apparel and clothing accessories originating from Hong Kong within three years, while Thailand will eliminate custom duties of watches and clocks and their accessories originating from Hong Kong within three years.
- Hong Kong exporters who comply with the relevant preferential

origin rules and fulfil the relevant requirements can benefit from the preferential tariff treatment for exports to AMS.

- Hong Kong commits to granting tariff free access to all products originating from AMS when the FTA takes effect.
- Hong Kong and ASEAN will also strengthen co-operation in sanitary and phytosanitary measures, technical barriers to trade and customs matters.

Trade in Services

- Services and service providers of the two sides will enjoy the following benefits in each other's market, subject to listed specific exceptions:
 - * In similar circumstances, service providers of both sides will enjoy national treatment i.e. being treated equally with local service providers of the other party; and
 - * The two sides commit to removing or reducing various restrictions, including on types of legal entity, foreign capital participation, number of service providers or operations, value of service transactions, and number of persons employed, etc. For example, Thailand, the Philippines and Viet Nam allow Hong Kong enterprises to have foreign capital participation of up to 50 per cent or even full ownership in many sectors.
- In respect of arrangements for temporary stay and entry for business purposes, AMS will provide facilitation to various extent to Hong Kong service providers. For instance, there are commitments of temporary stay of up to 90 days in general for Hong Kong business visitors, as well as a stay of no more than two years (and extendable for another two years) in general for intra-corporate transferees. In addition, the commitments of Malaysia and Viet Nam also extend to other categories, i.e. independent specialists/experts/professionals and contractual services suppliers.

- Besides, the sectors liberalised for Hong Kong by individual AMS include those that they have not yet committed under the multilateral agreement of the World Trade Organization. For example, Malaysia will open urban planning and landscape architectural services and maritime freight forwarding services; Thailand will open arbitration services and electronic mail services; Indonesia will open restaurant services and energy related analysis services; and Singapore will open technical testing and analysis services and adult education services.
- Hong Kong also makes commitments to AMS on a wide range of service sectors.
- The FTA covers other general obligations to facilitate trade in services, including formulation of rules to ensure that domestic regulations are transparent and fair. The FTA also provides for a regular review mechanism which paves the way for future negotiations of improvements to market access commitments and further liberalisation.

Other Areas

- The FTA comprises a chapter on Economic and Technical Co-operation (ECOTECH). Both sides have agreed to conduct ECOTECH activities in five priority areas, namely customs co-operation, professional services, small and medium enterprises co-operation, trade facilitation/logistics, and e-commerce co-operation.
- In addition, the FTA and the Investment Agreement provide for a regular review mechanism which paves the way for future negotiations to broaden the scope of liberalisation, and further strengthen and enhance the trade, investment and economic ties between Hong Kong and ASEAN.
- To ensure that all parties will implement their commitments under the FTA and the Investment Agreement, a dispute settlement mechanism is established for consultations and settlement of possible disputes.

Key Features of the Hong Kong- ASEAN Investment Agreement

- The Investment Agreement complements the FTA by providing Hong Kong and ASEAN investors with non-discriminatory treatment of investments in non-services sectors and protection of investments in all sectors, in respect of their investments in the other party's area. Such protection includes requiring each party to:
 - * provide fair and equitable treatment of investments;
 - * provide physical protection and security of investments;
 - * provide compensation according to the agreed standard in case of expropriation of investments and in a freely usable currency as determined by the International Monetary Fund;
 - * provide non-discriminatory treatment in compensation for investment losses or damages owing to war, armed conflict, civil strife, or similar events; and
 - * permit free transfer of investments and returns.

Ends