

Free Trade Agreement and Investment Agreement between Hong Kong and ASEAN enter into force in full

A Government spokesman said today (January 8) that the part in relation to Cambodia under the Free Trade Agreement (FTA) and the Investment Agreement (IA) between Hong Kong and the Association of Southeast Asian Nations (ASEAN) will take effect on February 12, signifying that the FTA and the IA signed between Hong Kong and the 10 member states of ASEAN will come into effect in full. Hong Kong enterprises and service providers will be able to enjoy the full benefits as committed to by all 10 ASEAN member states under the agreements. Their business opportunities in ASEAN markets will be greatly enhanced.

ASEAN was Hong Kong's second largest trading partner in merchandise trade in 2019 and the fourth largest in services trade in 2018. Total merchandise trade between Hong Kong and ASEAN amounted to \$1,018 billion in 2019 and total services trade between the two sides was \$137 billion in 2018.

Hong Kong forged the FTA and the IA with ASEAN in 2017 and the agreements have entered into force gradually since June 2019. The agreements are comprehensive in scope, encompassing trade in goods, trade in services, investment, economic and technical co-operation, dispute settlement mechanisms and other related areas. They bring about legal certainty and better market access for Hong Kong enterprises. They also help reduce the restrictions in doing business and expand business opportunities for Hong Kong enterprises, thus creating a more conducive environment for the development of Hong Kong's economy.

As far as Cambodia is concerned, it will progressively reduce and eliminate customs duties on goods originating from Hong Kong. The tariff commitments made by Cambodia cover different kinds of Hong Kong commodities, including jewellery, articles of apparel and clothing accessories, watches and clocks as well as toys. To enjoy the preferential tariff treatment for exporting Hong Kong goods to Cambodia under the FTA, Hong Kong traders have to comply with the relevant preferential rules of origin and fulfil the related requirements, and to apply for certificates of origin from the Trade and Industry Department (TID) or Government Approved Certification Organizations to cover the goods concerned. For details, please refer to the relevant trade circulars issued by the TID at www.tid.gov.hk/english/aboutus/tradecircular/coc/2021/coc2021.html.

On trade in services, Hong Kong service providers will enjoy legal certainty in market access for an extensive range of services sectors in Cambodia. These include services sectors in which Hong Kong has traditional strengths or has potential for development, including professional services, business services, telecommunications services, construction and related engineering services, educational services, financial services, tourism and

travel related services and transport services.

Under the IA, Cambodia will provide Hong Kong enterprises investing in its area with fair and equitable treatment of their investments, physical protection and security of their investments, and the assurance of the free transfer of their investments and returns. In case of expropriation or investment loss owing to war, armed conflict or a similar event, Cambodia will also provide compensation to Hong Kong enterprises investing in its area according to the agreed standard as specified under the IA.

Hong Kong has signed eight FTAs with 20 economies. With the coming into force of the FTA between Hong Kong and ASEAN in full, all the four FTAs signed in the current term of the Government will have taken effect. They are the four FTAs signed respectively with the Macao Special Administrative Region, Georgia, Australia and the 10 ASEAN member states, viz. Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

For the texts and the key features of the agreements, please visit the website of the TID at www.tid.gov.hk/english/ita/fta/hkasean/index.html.