

LCQ13: Regional Comprehensive Economic Partnership Agreement

Following is a question by the Hon Frankie Yick and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 12):

Question:

The Regional Comprehensive Economic Partnership Agreement (the Agreement), signed by 15 economies last year, is a free trade agreement of the world's largest scale. The total population of such economies accounts for 30 per cent of the world's population and their total Gross Domestic Product (GDP) accounts for one-third of the global GDP. In this connection, will the Government inform this Council:

(1) of (i) the quantity of the cargoes transported to the member economies of the Agreement via Hong Kong as a transit point and, among them, the respective quantities of those that were and were not processed (including unloaded, reloaded and stored) in Hong Kong, and (ii) the respective volumes of trade between Hong Kong and such economies, in each of the past three years (set out by name of economy in a table);

(2) as the Chief Executive indicated in the 2020 Policy Address that the Government would actively strive to make Hong Kong among the first batch of economies joining the Agreement after it took effect, of the latest progress of such work and the timetable for joining the Agreement; and

(3) whether, in order to grasp the business opportunities to be brought about by the Agreement to the trading and logistics industry, the Government will set up a working group and invite relevant organisations (including organisations of the logistics industry) to send representatives to join the group, so as to formulate the relevant measures; if so, of the details (including the organisations to be invited); if not, the reasons for that?

Reply:

President,

Fifteen economies including Mainland China, the ten member states of the Association of Southeast Asian Nations (ASEAN), Australia, Japan, Korea, and New Zealand signed the Regional Comprehensive Economic Partnership (RCEP) in November last year. It is the largest Free Trade Agreement (FTA) so far in the world, covering about 30 per cent of the world's population and accounting for one-third of the global gross domestic product (GDP). The successful signing and implementation of the RCEP is an important milestone for regional economic integration and will facilitate free and open trade and increase investment in the region, furthering regional economic co-operation.

As the logistics centre and hub in the region, Hong Kong is a close trading partner of the 15 RCEP participating economies, playing an important role in regional merchandise trade transshipment.

In the past three years (2018-2020), the total volume of the transshipment cargo (including port transshipment and air transshipment) transported to and from the 15 RCEP participating economies via Hong Kong amounted to 95.6 million tonnes, 91.48 million tonnes and 93.52 million tonnes respectively (details at Annex 1). The Census and Statistics Department does not have the breakdown on whether the transshipment cargoes have undergone processing in Hong Kong. In the past three years, the total merchandise trade between Hong Kong and the 15 RCEP participating economies amounted to US\$807.9 billion, US\$765.5 billion and US\$772 billion respectively (details at Annex 2).

As a supporter of free and open trade, the Hong Kong Special Administrative Region (HKSAR) Government has been striving to expand its economic and trade network worldwide, actively seeking to forge FTAs and Investment Agreements with other economies, including seeking accession to the RCEP as soon as possible after its entry into force, to assist Hong Kong enterprises in expanding overseas to further Hong Kong's long-term economic development. Joining the RCEP will not only strengthen the economic, trade, and investment ties between Hong Kong and the RCEP participating economies, facilitating Hong Kong's further integration into the regional value chain and hence driving regional economic growth, but will also enable Hong Kong's goods and enterprises to benefit from the relevant measures in the RCEP such as tariff reduction, preferential market access, removal of trade barriers and simplified customs procedures, etc. It will help lower the costs of trading and bring about new business opportunities for Hong Kong's goods and enterprises in expanding their markets in the region, thereby providing a momentous drive to global economic recovery in the post-pandemic era.

As highlighted in the Chief Executive's Policy Address in November last year, Hong Kong, as a major financial and trade centre and a logistics hub of the region, coupled with the FTAs signed with 13 of the RCEP participating economies, i.e. the Mainland and Hong Kong Closer Economic Partnership Arrangement signed with Mainland China, and the respective FTAs signed with the ten member states of ASEAN, Australia and New Zealand, is well placed to join the RCEP. The HKSAR Government has indicated, as early as in 2018, to individual RCEP participating economies at various levels and on various occasions Hong Kong's keen interest in joining the RCEP. In November 2019, when the text-based negotiations were concluded, the Secretary for Commerce and Economic Development (SCED) wrote to individual RCEP participating economies reiterating Hong Kong's interest to join the RCEP, and received positive responses that Hong Kong may apply for accession in accordance with the relevant provisions after the RCEP enters into force. The SCED wrote again to RCEP participating economies after the RCEP was signed in end-2020 to reiterate Hong Kong's interests in joining RCEP. The SCED is already liaising with trade ministers of a number of RCEP participating economies to commence discussions on Hong Kong's accession, with a view to enabling Hong Kong to join the RCEP as early as possible after its entry into force. The

HKSAR Government will make use of various platforms, including the Trade and Industry Advisory Board chaired by the SCED, to brief the trade on opportunities brought about by the RCEP in deepening regional economic and trade co-operation, and to develop facilitative and promotional measures in consultation with relevant industrial organisations, with a view to enabling Hong Kong enterprises to better seize the new business opportunities brought about by the RCEP to Hong Kong.