

Speech by SCED at APEC MRT discussion session on Advancing APEC's Regional Economic Integration Agenda (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the discussion session entitled "Advancing APEC's Regional Economic Integration Agenda" of the Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade (MRT) Meeting in Chile today (May 17, Viña del Mar time):

I speak to echo fellow Ministers spoken before me in support of APEC's vision, action and efforts in promoting regional economic integration.

For Hong Kong, China (HKC), we are committed to the Bogor Goals of achieving free and open trade and investment in Asia Pacific by 2020, and would continue to support efforts towards deeper economic integration in the region.

Time is not on our side as the year 2020 is just around the corner. In this connection, we welcome Chile's latest proposal to focus on the unfinished business in services to give the matter a final push. Initiatives identified in that proposal are in fact those already endorsed by APEC economies. The crux is to encourage each of us to do our part to remove potential trade barriers with a sense of urgency.

I believe such actions will provide a powerful impetus for greater trade and investment liberalisation at the regional and multilateral levels.

On Free Trade Area of the Asia Pacific (FTAAP), since the establishment of APEC in 1989, APEC has grown to become a dynamic engine of economic growth and one of the most important regional forums. APEC economies are now home to around 2.9 billion people. Together, we account for more than half of the world's GDP (Gross Domestic Product) and half of the world trade, making APEC also one of the most valuable economic regions.

As a result of our work to promote cross-border movement of goods, services, investment and people in the region, economic growth in APEC has doubled over the last 30 years. Until recently, tariffs have also fallen substantially, that says that we cannot take things for granted and must continue to take concrete steps to reinforce the determination for regional economic integration and enhance openness, inclusiveness and cooperation.

Implementation of a growing number of free trade agreements (FTAs), for example, has further improved the market access conditions in APEC economies. The realisation of the FTAAP by APEC as a group is expected to increase income, welfare and trade gains for the APEC region, according to a

recent study on tariffs by the Policy Support Unit.

It is incumbent upon us to maintain the momentum in achieving the goals of FTAAP. To this end, we are glad to note that member economies are on parallel tracks to conduct various work programmes and capacity building initiatives in support of the ultimate realisation of the FTAAP. We look forward to receiving the report on APEC's concrete progress on FTAAP next year as mandated in the Lima Declaration.

While actively pursuing the long-term vision of FTAAP with all APEC members as a group, HKC and like-minded economies and supporters of WTO are also strengthening our alliances on free and open trade through the signing of free trade agreements. On top of the HKC-ASEAN FTA which will come into force on June 11, I am delighted to report that HKC has signed a FTA and an Investment Agreement with Australia just two months ago.

The two Agreements are comprehensive in scope and the commitments therein are of high quality. True to our free trade commitment, the FTA eliminates all import tariffs and opens up many service sectors for market access and treatment no less favourable than for local services. Against the prevailing uncertainties in the global economy, the two agreements, in providing transparency and predictability, give a big boost of confidence to our rules-based trading system.

Under the FTA, the two sides have also agreed not to impose customs duties on electronic transmissions, including content transmitted electronically. There are also forward-looking provisions to facilitate electronic commerce, including electronic signatures, paperless trading and protection of personal information. We have put forward text proposal on the basis of this FTA for the future WTO negotiations on trade-related aspects of electronic commerce and look forward to wider discussion on the subject.

Parallel to FTA, on Investment Protection and Promotion Agreement (IPPA), I am glad to report to this meeting that our IPPA with Chile will enter into force on July 14. We believe such bilateral pursuits of trade and investment liberalisation between individual APEC economies are also building blocks towards the realisation of FTAAP.

As APEC progresses along the timeline towards the Bogor Goals, it is equally important for us to set our vision beyond 2020 and map out the way forward.

In this connection, I feel most encouraged by the efforts made by the APEC Vision Group in developing possible recommendations, and our host's initiative to hold the "Multi-Stakeholder Dialogue on APEC Towards 2020 and Beyond" a few days ago (on May 14).

HKC welcomes the constructive discussions at the Dialogue. We stand ready to work with other APEC economies to come up with recommendations and concrete action plans for APEC's Post-2020 Vision to develop a better future for the Asia-Pacific region.

Thank you.