

**Mainland and Hong Kong**  
**Closer Economic Partnership Arrangement (CEPA)**

**Frequently Asked Questions – Agreement on Trade in Goods**

**Q1. What benefits does the Agreement on Trade in Goods bring to Hong Kong traders?**

A: The Agreement on Trade in Goods (the Agreement) consolidates and updates the commitments on liberalisation and facilitation of trade in goods under CEPA, and further enhances the level of liberalisation for trade in goods under CEPA. The Agreement affirms that all goods of Hong Kong origin (in accordance with the CEPA rules of origin (ROOs)) can enjoy zero-tariff preference upon importation into the Mainland<sup>1</sup>. The ROOs under the Agreement is also enhanced. In addition to the “Product Specific Rules of Origin” (PSRs), a general rule of origin (“General Rule”) based on the calculation of the value added to the products in Hong Kong is introduced, thus allowing products without PSRs to instantly enjoy zero tariff upon importation into the Mainland subject to the fulfilment of the General Rule. The Agreement also develops more liberal PSRs for specific Hong Kong origin goods, such as removing the requirement of certain specified process(es), or providing an alternative ROO, so that more traders can enjoy the preferential treatment under CEPA.

The Agreement also strengthens the commitment on trade facilitation and in particular sets out measures to expedite customs clearance of goods to facilitate movement of goods in the Guangdong-Hong Kong-Macao Greater Bay Area. The Agreement sets up institutional arrangements for the cooperation and development on trade in goods between the Mainland and Hong Kong, helping reduce trade costs and making it easier for Hong Kong products to access the Mainland market. The Agreement also

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<sup>1</sup> Not including those prohibited by the Mainland’s rules and regulations and those prohibited as a result of the implementation of international treaties by the Mainland, as well as products that the Mainland has made special commitments in relevant international agreements.

helps promote Hong Kong brands, and facilitates Hong Kong traders to open up the huge and promising Mainland market.

**Q2. What important provisions are introduced in the Agreement on Trade in Goods?**

A: The Agreement on Trade in Goods (the Agreement) introduces, in addition to the “Product Specific Rules of Origin” (PSRs), a general rule of origin (“General Rule”) based on the calculation of the value added to the products in Hong Kong, thus allowing products without PSRs to instantly enjoy zero tariff upon importation into the Mainland subject to the fulfilment of the General Rule. The Agreement also provides the trade with a flexible option to adopt either the Build-up method or the Build-down method to calculate the value added to the products in Hong Kong. Product development costs including fees payable for development, patents and design can be counted under both methods.

The Agreement has included three dedicated Chapters on “Customs Procedures and Trade Facilitation”, “Sanitary and Phytosanitary Measures” and “Technical Barriers to Trade” to simplify customs procedures, enhance transparency, and strengthen cooperation, etc. in the relevant areas.

The Agreement has also included a dedicated Chapter on “Trade Facilitation Measures in the Guangdong-Hong Kong-Macao Greater Bay Area”, stipulating further trade facilitation measures to be implemented in the nine Pearl River Delta municipalities (namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing) and Hong Kong.

**Q3. Can new investors in local manufacturing industry enjoy zero-tariff preference?**

A: Irrespective of the source of capital and the years of operations of manufacturers, so long as their goods of Hong Kong origin can fulfil the rules of origin under the Agreement on Trade in Goods, their goods may enjoy the zero-tariff preference upon importation into the Mainland.

**Q4. What commitments has Hong Kong made in the Agreement on Trade in Goods?**

A: Under the Agreement on Trade in Goods, the Hong Kong Special Administrative Region Government (HKSARG) has committed that it will accord to goods imported and originated from the Mainland treatment no less favourable than that it accords to its own like goods; will continue to apply zero tariff to all imported goods of Mainland origin; will not apply tariff quota nor non-tariff measures inconsistent with the rules of the World Trade Organisation to goods imported and originated from the Mainland; and will not apply anti-dumping measures and countervailing measures to goods imported and originated from the Mainland. The HKSARG has also made various commitments under the four dedicated Chapters on “Customs Procedures and Trade Facilitation”, “Sanitary and Phytosanitary Measures”, “Technical Barriers to Trade” and “Trade Facilitation Measures in the Guangdong-Hong Kong-Macao Greater Bay Area” with a view to deepening the liberalisation and facilitation of trade in goods between the two places and further enhancing the level of economic and trade exchanges and cooperation between the two places.