Free Trade Agreement (FTA) between Hong Kong (HK) and Georgia

Frequently Asked Questions

I. General

Q1. How will HK benefit from the FTA?

A1. The FTA will bring to our traders and businessmen legal certainty and better market access to the Georgian market. It offers potential opportunities as a gateway for HK products and services to the Caucasus, which is covered by the Belt and Road Initiative. We believe it will enhance trade and investment flows between HK and Georgia and the Eurasia region.

Q2. Is there legislative procedure that HK has to complete before the FTA enters into force?

A2. To enable traders to mark or label their products as HK-origin in accordance with the rules of origin (ROOs) under this FTA, the Secretary for Commerce and Economic Development has published a notice in the gazette to amend Schedule 1 of the Trade Descriptions Ordinance (TDO) (Cap. 362) to include this FTA in the schedule as a scheduled trade agreement. The Notice came into force on 1 January 2019.

II. Trade in Goods

Q1. What are Georgia's tariff commitments on HK's originating products?

A1. Upon the entry into force of the FTA, Georgia will eliminate import tariffs on 96.6% of its tariff lines for HK's originating products. The remaining 3.4% of its tariff lines will continue to be subject to existing import tariffs due to domestic sensitivity in Georgia. These exceptions are mainly agricultural products such as fruits and nuts as well as beverages and spirits.

Q2. Are HK exporters required to follow any specific procedures to claim tariff preference under the FTA?

A2. HK exporters who comply with the relevant origin rules and fulfil the requirements set out in the ROOs of the FTA can benefit from the preferential tariff treatment for exports to Georgia. In order to claim preferential tariff treatment under the FTA for goods exported to Georgia, HK exporters will need to obtain a certificate of origin (CO) from the Trade and Industry Department (TID) or one of the Government Approved Certification Organisations (GACOs)[1] and transmit the CO to the relevant importer in Georgia so that the latter may lodge the claim for preferential tariff treatment in accordance with the procedures on the importation requirements applicable in Georgia. To help Hong Kong exporters make good use of the preferential tariff treatment under the FTA, trade circulars have been issued to inform the trade of the relevant preferential rules of origin and the related requirements. The circulars can be accessed at www.tid.gov.hk/english/ita/fta/hkgefta/press.html.

III. <u>Trade in Services</u>

Q1. Can you briefly introduce the services commitments under the FTA?

A1. We have achieved a balanced outcome on trade in services, building on both sides' commitments under the World Trade Organization (WTO).

Georgia's commitments encompass sectors where HK has traditional strengths or has potential for development, such as:

(a) financial services;

(b) telecommunications services;

(c) various business services;

(d) wholesale and retailing services;

[1] The five GACOs are the Hong Kong General Chamber of Commerce; the Federation of Hong Kong Industries; the Chinese Manufacturers' Association of Hong Kong; the Chinese General Chamber of Commerce; and the Indian Chamber of Commerce, Hong Kong.

(e) arbitration services;

(f) audiovisual services;

(g) construction and related engineering services;

(h) environmental services;

(i) various transport services; and

(j) printing and publishing services.

HK's commitments cover a wide range of services and address the priority interests of Georgia, such as in architectural services, engineering services, distribution services, tourism and travel related services, and maritime transport services.

Q2. How are our commitments to Georgia compared with HK's existing FTAs with other economies?

A2. Our overall commitments to Georgia are comparable to those in our FTAs signed with other overseas trading partners. The level of commitments reflects the different dynamics and balance of individual negotiations.

Q3. What are the respective commitments of HK and Georgia in respect of movement of natural persons under the FTA?

A3. In respect of movement of natural persons, the commitments of HK and Georgia cover the temporary entry and stay of business visitors as well as intra-corporate transferees in a wide range of sectors. In addition, Georgia's commitments also cover contractual services suppliers.

Q4. What are the scope and coverage of the Trade in Services Chapter?

A4. The scope and coverage of the Trade in Services Chapter is generally in line with those under the WTO. It applies to measures affecting trade in services taken by:

- central, regional or local governments and authorities; and

- non-governmental bodies in the exercise of powers delegated by governments or authorities;

but does NOT apply to:

- services supplied in the exercise of governmental authority, i.e. any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers;

- measures affecting natural persons seeking access to the employment market of HK or Georgia;

- measures regarding citizenship, residence or employment on a permanent basis;

- measures affecting air traffic rights, however granted, or measures affecting services directly related to the exercise of air traffic rights and air traffic control and air navigation services, other than measures affecting:

    (i) aircraft repair and maintenance services;

    (ii) the selling and marketing of air transport services;

    (iii) computer reservation system services;

- government procurement; and

- subsidies.

Q5. What are the disciplines on domestic regulation (DR) agreed in the Trade in Services Chapter?

A5. Building on the General Agreement on Trade in Services (GATS) provisions on DR, the DR disciplines in the Trade in Services Chapter (i.e. Article 8.8) require Parties to ensure that measures affecting trade in services are transparent, administered in a reasonable, objective and impartial manner. Each Party shall ensure that measures relating to licensing requirements and procedures, qualification requirements and procedures, and

technical standards are not formulated, introduced, implemented, administered or applied with a view to creating unnecessary barriers to trade in services. Such measures shall be based on objective and transparent criteria; not more burdensome than necessary to ensure the quality of the service; and in the case of licensing procedures, not in themselves a restriction on the supply of the services.

Q6. What are the obligations on international maritime transport agreed in the Trade in Services Chapter?

A6. In respect of international maritime transport, apart from market access commitments, the Trade in Services Chapter also includes an Annex on International Maritime Transport. The Annex is the first of its kind under HK's FTAs with other trading partners, and provides for non-discriminatory treatment for vessels of a party with regard to their access to and use of ports and port services, as well as related fees and charges, and customs formalities of the other party.

IV. Investment

Q1. What are the commitments under the Establishment Chapter?

A1. The Establishment Chapter commits HK and Georgia to provide investors with non-discriminatory treatment as compared with a party's own investors and other safeguards, in respect of their investment in non-services sectors.

V. Intellectual Property (IP)

Q1. What are the key outcomes of the IP Chapter? Is there any implication on HK's IP regulatory regime?

A1. Apart from affirming the rights and obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, the two sides have also agreed to promote and strengthen cooperation in the area of intellectual property rights in order to increase the benefits from trade and investment. The obligations

are compatible with HK's IP regime and will not require any change to our IP legislation and enforcement work.

VI. Competition

Q1. What are the key outcomes of the Competition Chapter? Will the FTA affect HK's competition regime?

A1. The two sides have agreed to promote competition, and to encourage cooperation and information exchange between their competition authorities. The provisions in the Competition Chapter are compatible with the Competition Ordinance and HK's competition regime.

VII. Environment

Q1. What are the key outcomes of the Chapter on Environment? What is its implication on HK's environmental policy?

A1. The Chapter on Environment sets out shared principles to enhance protection of the environment. All provisions are in line with HK's existing environmental policies and practices.