

Free Trade Agreement between Hong Kong, China and Georgia



Overview

Hong Kong and Georgia signed a Free Trade Agreement (FTA) in June 2018. The FTA will become effective after completion of the necessary procedures.

The FTA is comprehensive in scope, encompassing trade in goods, trade in services, investment, dispute settlement mechanism and other related areas.

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 to the Caucasian region of Eurasia covered under the Belt and Road Initiative and enhances trade and investment flows between Hong Kong and Georgia and the greater Eurasia region.

Key Features of the FTA

The FTA (consisting of 18 chapters) covers many areas of importance to mutual interest to Hong Kong and Georgia. Key features are summarised below.

Trade in Services

- The FTA, covering a comprehensive range of service sectors, will provide better business opportunities and legal certainty in market access for services and service providers of Hong Kong and Georgia.
- Among the various service sectors in which Hong Kong and Georgia have made commitments, services and service providers of both sides will enjoy the following benefits in each other's market, subject to listed specific exceptions:

> service providers of one party being treated no less favourably than service providers of the other party or a non-party in similar circumstances;

> removal or reduction of restrictions on foreign capital participation, the number of service providers or operations, the value of service transactions, the number of persons employed, and the types of legal entity or joint venture requirements; and

> business visitors and intra-corporate transferees of Hong Kong and Georgia will be granted temporary entry and stay into each other's area in accordance with the two sides' commitments. In addition, Georgia's commitments also cover contractual services suppliers.

- Georgia's commitments encompass sectors where Hong Kong has traditional strengths or has potential for development, such as financial services, telecommunications services, various business services, wholesale and retailing services, arbitration services, audiovisual services, construction and related engineering services, environmental services, various transport services and printing and publishing services.

- The FTA includes other obligations to facilitate trade in services. Its Annex on International Maritime Transport, the first of its kind under Hong Kong's FTAs with other trading partners, 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. In addition, the rules and disciplines developed under the FTA will improve transparency of domestic regulations and streamline the procedures of applying for authorisation for providing services as well as ensure that such authorisation will not create unnecessary barriers to trade in services.

Trade in Goods

- Georgia will eliminate import tariffs on 96.6% of its tariff lines for Hong Kong's originating products upon the entry into force of the FTA.

- The remaining 3.4% of its tariff lines, comprising mainly agricultural products such as fruits and nuts and their preparations as well as beverages and spirits, will continue to be subject to import tariff due to domestic sensitivity in Georgia.

- Hong Kong exporters who comply with the relevant preferential origin rules and fulfil the relevant requirements can benefit from the preferential tariff treatment for exports to Georgia.

- Hong Kong commits to granting tariff free access to all products originating from Georgia when the FTA takes effect.

- Hong Kong and Georgia will strengthen cooperation in sanitary and phytosanitary measures, technical barriers to trade and customs matters.



Investment

- The FTA will enhance investors' confidence and facilitate two-way investment flows between Hong Kong and Georgia by providing 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.

Other Areas

- The FTA contains other provisions to ensure effective protection of intellectual property rights, promote competition, and enhance protection of the environment while encouraging trade and investment. Commitments and cooperation in these areas would have the positive effect of facilitating trade and investment flows between Hong Kong and Georgia.
- The two sides have also agreed to establish a transparent mechanism for consultations and settlement of possible disputes arising under the FTA.



Trade Relations between Hong Kong and Georgia

The total merchandise trade between Hong Kong and Georgia was HK\$320 million in 2017. Georgia ranked 121st among Hong Kong's worldwide trading partners for trade in goods in 2017. Reciprocally, Hong Kong ranked 26th among Georgia's trading partners for trade in goods in 2016.



Economic and Strategic Value of the FTA

Georgia serves as a gateway to the Caucasian region of Eurasia covered under the Belt and Road Initiative.

The FTA will help Hong Kong businesses tap the Georgian market, which offers potential opportunities as a gateway to the Caucasian region of Eurasia covered under the Belt and Road Initiative. Given the close economic ties between Georgia and its trading partners in the Eurasia region, the FTA will facilitate these economies to generate greater interest and a better understanding of the Hong Kong market. The FTA will therefore enhance trade and investment flows between Hong Kong and Georgia and the greater Eurasia region, benefiting our economy.

This FTA is the first free trade agreement between Hong Kong and an economy in the Caucasian region of Eurasia covered under the Belt and Road Initiative, thus reinforcing our role as a super-connector between the Mainland and our overseas trading partners.

Background of Negotiations

Hong Kong and Georgia commenced free trade agreement negotiations in September 2016. The negotiations were concluded in April 2017.

Further Information

Further information on the FTA, including its full text, is available at:

<https://www.tid.gov.hk/english/ita/fta/hkgefta/index.html>

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