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Joint Press Release – Prime Minister Key / Chief Executive Donald Tsang

**New Zealand – Hong Kong, China Closer Economic Partnership Agreement a further step towards trade liberalisation**

Bilateral trade relation between Hong Kong, China and New Zealand has taken a further significant step following conclusion of negotiations for a New Zealand – Hong Kong, China Closer Economic Partnership Agreement (CEP). This is also a step in contributing to the further development of the Asia-Pacific regional economic integration.

New Zealand Prime Minister John Key and Hong Kong Chief Executive Donald Tsang made the announcement in Singapore in the margins of the APEC Economic Leaders Meeting.

The conclusion of the negotiations comes just seven months after the two leaders met, in April at the Boao Forum in China, where a joint commitment was made to advancing momentum on the CEP.

The CEP represents a significant development in the relationship between the two economies. When looked at in the context of the economic downturn, the CEP demonstrates a shared commitment to open markets and the role that this can play in economic recovery.

With both economies strongly committed to trade liberalisation, it is hoped that the CEP will act as a platform to help pave the way forward for shared economic growth and carry trade and investment linkages to a new level.

Both economies remain firm advocates for multilateral liberalisation through the WTO. At the same time, both recognise that bilateral and regional initiatives can complement the WTO system and help build support for multilateral liberalisation.

While merchandise trade between the two economies has grown by an annual average of 7.4 percent for the past five years and is in excess of NZ\$1 billion, there is also considerable potential in the service sector, in particular in the areas of education, tourism, business and environmental services as well as in investment with Hong Kong, China seen as a hub for investment in the region.

Significantly the CEP also demonstrates a further move towards greater regional economic integration. New Zealand has concluded a number of trade agreements with economies in the Asia Pacific region. As for Hong Kong, China, the CEP is its first free trade agreement with a foreign economy.

It is envisaged that the CEP will be formally signed and the details of the Agreement released in the first half of 2010 following legal verification and the completion of domestic approval processes.