

## Key Features of the Hong Kong - ASEAN Free Trade Agreement (FTA)

The dates of entry into force of the FTA for the following Parties are as follows:

- **11 June 2019:** Hong Kong, Laos, Myanmar, Singapore, Thailand and Viet Nam
- **13 October 2019:** Malaysia
- **12 May 2020:** The Philippines
- **4 July 2020:** Indonesia
- **20 October 2020:** Brunei Darussalam

### **Trade in Goods**

- The ASEAN Member States (AMS) have agreed to progressively eliminate or reduce their customs duties on goods originating from Hong Kong. The following commitments are made:
  - \* Singapore commits to binding all its customs duties at zero, with effect from the date on which the FTA enters into force;
  - \* Brunei Darussalam, Malaysia, the Philippines and Thailand commit to eliminating customs duties of about 85 per cent of their tariff lines within 10 years and reduce customs duties of about another 10 per cent of their tariff lines within 14 years;
  - \* Indonesia and Viet Nam commit to eliminating customs duties of about 75 per cent of their tariff lines within 10 years and reduce customs duties of about another 10 per cent of their tariff lines within 14 years; and
  - \* Laos and Myanmar commit to eliminating customs duties of about 65 per cent of their tariff lines within 15 years and reduce customs duties of about another 20 per cent of their tariff lines within 20 years.
- The tariff reduction commitments cover different kinds of Hong Kong commodities, including jewellery, articles of apparel and clothing

accessories, watches and clocks, toys, etc. For instance,

- \* Thailand, Viet Nam and Myanmar commit to eliminating customs duties of watches and clocks and their accessories originating from Hong Kong within 3 years, 10 years and 15 years respectively;
  - \* Brunei Darussalam and Malaysia commit to eliminating customs duties of articles of apparel and clothing accessories originating from Hong Kong within 3 years and 10 years respectively;
  - \* The Philippines commits to eliminating customs duties of precious metal and jewellery as well as toys, games and sport requisites within 10 years; and
  - \* Laos commits to eliminating customs duties of precious metal and jewellery originating from Hong Kong within 8 years.
- 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 the AMS.
  - Hong Kong commits to granting tariff free access to all products originating from the AMS when the FTA takes effect.
  - Hong Kong and the AMS also commit to strengthening co-operation in sanitary and phytosanitary measures, technical barriers to trade and customs matters.

### **Trade in Services**

- Services and service providers of Hong Kong and the AMS can enjoy the following benefits in each other's market, subject to listed specific exceptions:
  - \* In similar circumstances, service providers of both sides can enjoy national treatment i.e. being treated equally with local service providers of the other party; and

- \* The two sides commit to removing or reducing various restrictions, including on types of legal entity, foreign capital participation, number of service providers or operations, value of service transactions, and number of persons employed, etc. For example, Indonesia, Thailand, Viet Nam and the Philippines allow Hong Kong enterprises to have foreign capital participation of up to 50 per cent or even full ownership in many sectors.
- In respect of arrangements for temporary stay and entry for business purposes, the AMS commit to providing facilitation to various extent to Hong Kong service providers. For instance, Thailand makes commitments of temporary stay of up to 90 days for Hong Kong business visitors, as well as a stay of no more than one year (and extendable for up to another three years) for intra-corporate transferees; and Viet Nam's commitments are extended to independent specialists/experts/professionals and contractual services suppliers.
- Besides, the sectors liberalised for Hong Kong by the AMS include commitments exceeding those made under the multilateral agreement of the World Trade Organization. For example, Brunei Darussalam opens construction and related engineering services; Thailand opens arbitration services and electronic mail services; Singapore opens technical testing and analysis services and adult education services; Malaysia opens urban planning and landscape architectural services and maritime freight forwarding services; the Philippines opens construction services for mining and manufacturing; Laos opens specialty design services, retailing services, and certain services of trading for own account or for account of customers under financial services; Indonesia opens restaurant services; and Myanmar opens a significant number and wide range of services sectors.
- Hong Kong also makes commitments to the AMS on a wide range of service sectors, such as computer and related services, specialty design services, and spa services.
- The FTA covers other general obligations to facilitate trade in services, including formulation of rules to ensure that domestic regulations are transparent and fair. The FTA also provides for a regular review

mechanism which paves the way for future negotiations of improvements to market access commitments and further liberalisation.

### **Other Areas**

- The FTA comprises a chapter on Economic and Technical Co-operation (ECOTECH). Both sides have agreed to conduct ECOTECH activities in five priority areas, namely customs co-operation, professional services, small and medium enterprises co-operation, trade facilitation/logistics, and e-commerce co-operation.
- In addition, the FTA and the Investment Agreement provide for a regular review mechanism which paves the way for future negotiations to broaden the scope of liberalisation, and further strengthen and enhance the trade, investment and economic ties between Hong Kong and ASEAN.
- To ensure that all parties implement their commitments under the FTA and the Investment Agreement, a dispute settlement mechanism is established for consultations and settlement of possible disputes.

Ends