

Free Trade Agreement between Hong Kong, China and Chile

Overview

The Free Trade Agreement (the Agreement) signed between Hong Kong and Chile on 7 September 2012 entered into force on 9 October 2014.

The Agreement is comprehensive and of high quality, encompassing trade in goods and services, investment, and other related areas. It is fully consistent with provisions of the World Trade Organization.

The Agreement will provide Hong Kong with better access to the Chilean market which may potentially serve as a gateway to the Central and South American markets. It will create more business opportunities beneficial to Hong Kong's long-term economic growth. It will also further strengthen Hong Kong's position as an international trade, commerce and investment centre.

Key Features of the Agreement



The Agreement consists of 19 Chapters, covering a wide range of areas of mutual interest to Hong Kong and Chile. The key features are summarised below.

Trade in Services

- The Agreement, which covers a comprehensive and diverse scope of service sectors, will provide better business opportunities and legal certainty for service providers of Hong Kong and Chile in each other's market.
- In terms of market access, subject to specific exceptions or conditions, service providers of Hong Kong and Chile and the services they provide will enjoy the following benefits in each other's market in a variety of service sectors:
 - there will not be any restriction on foreign capital, 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;
 - the service providers will be treated no less favourably than their counterparts of the other side in similar circumstances; and

- without compromising legitimate immigration control, business visitors and intra-corporate transferees of Hong Kong and Chile will be granted temporary entry into each other's area in accordance with the two sides' commitments.

- Chile's commitments encompass sectors where Hong Kong has traditional strengths or has potential for development, such as financial services, telecommunications services, various business services (such as accounting, auditing and bookkeeping services, architectural services, engineering and integrated engineering services, computer and related services, management consulting services, and services incidental to manufacturing), tourism and travel-related services, environmental services, and services related to innovation and technology.

- Apart from specific market access commitments, the Agreement also includes other general obligations to facilitate trade in services. In particular, the rules and disciplines developed under the Agreement will improve transparency of domestic regulations and ensure that they do not constitute unnecessary barriers to trade in services.

Trade in Goods

- 88% of Chile's tariff lines will become duty free for products originating from Hong Kong upon the entry into force of the Agreement.
- Chile will phase out the tariffs on an additional 10% of its tariff lines by 1 January 2016.
- The remaining 2%, comprising, for example, cereals, sugars, articles of iron or steel, will continue to be subject to import tariff because of domestic sensitivity in Chile.



- Hong Kong exporters who comply with the relevant preferential origin rules and fulfil the requirements can benefit from the preferential tariff treatment for exports to Chile.
- Hong Kong, on the other hand, commits to bind the provision of tariff free access to all products originating from Chile.
- In addition to the tariff measures, Hong Kong and Chile will co-operate in the areas of sanitary and phytosanitary measures and technical barriers to trade, with the objective of reducing trade barriers and facilitating bilateral trade as far as possible.
- Furthermore, the Agreement also contains measures to enhance the transparency and procedural rules of the anti-dumping, countervailing and safeguard investigations.

Investment

- The Agreement provides investors of both sides with legal certainty on national treatment in respect of their investments in specified non-services sectors. The provisions complement those in the Trade in Services Chapter which cover investments in service sectors. All these provisions will help facilitate mutual investment flows between Hong Kong and Chile and expand related economic activities in the two places.
- To further enhance mutual investment flows, the two sides will negotiate a comprehensive Investment Agreement upon the entry into force of the Agreement.



Other Areas

- The Agreement also contains provisions to promote competition, facilitate access to each other's government procurement market, enhance co-operation in customs procedures, and protect the environment. The two sides have agreed to establish a transparent and comprehensive mechanism to provide for consultations and settlements of possible disputes that may arise from the Agreement.

Bilateral Trade between Hong Kong and Chile



Chile is an important trading partner of Hong Kong. Both are strong advocates and practitioners of free and open trade and investment.

Merchandise

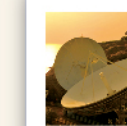
- Total bilateral merchandise trade between Hong Kong and Chile amounted to about HK\$7.7 billion in 2013. Major domestic export items to Chile were aluminium plates, sheets and strip, alloyed or not; plastics in non-primary forms; and office machines and automatic data processing machines. Major items imported from Chile included vegetables and fruit; fish, crustaceans, molluscs and aquatic invertebrates, and preparations thereof; and meat and meat preparations.

- Chile ranked 30th¹ among Hong Kong's worldwide trading partners and 4th among those in Latin America in 2013.

Services

- Total services trade between Hong Kong and Chile was HK\$1.3 billion in 2012. In that year, transport services were Hong Kong's major services exports to Chile while the major services imports from Chile were transport services and other business services.
- Chile ranked 28th¹ among Hong Kong's worldwide trading partners and 3rd among those in Latin America in 2012.

Background of Negotiations



Hong Kong and Chile commenced formal negotiations in January 2012 and concluded the negotiations in August 2012.

Further Information

Further information on the Agreement, including its full text, can be found on the following website:
www.tid.gov.hk/english/trade_relations/hkclfta/index.html

For enquiries on the Agreement, please contact:
Trade and Industry Department
Tel : 2398 5333
Email : enquiry@tid.gov.hk

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¹ The European Union is counted as one single entity for the rankings.

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香港特別行政區政府工業貿易署
Trade and Industry Department
The Government of the Hong Kong Special Administrative Region

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