



AUSTRALIA-HONG KONG

FREE TRADE AGREEMENT

OUTCOMES AT A GLANCE

The Australia-Hong Kong Free Trade Agreement (A-HKFTA) and the Investment Agreement mark a milestone in Australia's substantial bilateral trade and investment relationship with Hong Kong. Together they represent an important and valuable addition to underpin the engagement with our 12th largest trading partner.

Hong Kong is Australia's leading business base in Asia, reflecting the unique advantages of the 'One Country, Two Systems' framework with Hong Kong enjoying a high degree of autonomy. Hong Kong is a leading financial and business centre in the region, Australia's fifth largest source of inwards investment, and a platform market to showcase Australia's premium goods and services to Asia and the world.

In 2018, Australia's total goods and services exports to Hong Kong were valued at \$13.4 billion. Hong Kong was Australia's fifth largest source of inwards investment in 2018 (\$118.8 billion).

A-HKFTA, together with the Investment Agreement, is a statement from two committed APEC economies about the enduring value each accords the development and maintenance of contemporary trade rules. The Agreements lock in openness to each other's markets and leverages our deep historical links. The A-HKFTA complements the China-Australia FTA, and our other FTAs in Asia, including bilaterally with Japan and Korea, and regionally with ASEAN.

Goods

Hong Kong does not currently apply tariffs to goods imported from Australia, but until now has had the right to do so under the World Trade Organization (WTO) Agreement. A-HKFTA provides:

- ✓ reciprocal elimination of import tariffs , giving certainty for Australian exporters that Hong Kong will continue to provide duty-free entry;
- ✓ streamlined wine labelling requirements, with a commitment to improve transparency of regulations; and
- ✓ a mechanism to enhance collaboration between regulators, and to facilitate speedy resolution should consignments of perishable goods be delayed at the border.

Services

A-HKFTA secures guaranteed access across priority service sectors into Hong Kong's significant and growing international services market, and provides cutting-edge rules to address impediments to trade for Australian services suppliers operating in Hong Kong with a physical presence, or virtually. In a nutshell, A-HKFTA provides:

- ✓ guaranteed access for Australian suppliers of financial, professional accounting, engineering and construction, education, transport and logistics services;

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- ✓ guaranteed access for Australian lawyers to provide legal advice on Australian and international law on a cross-border basis;
 - ✓ streamlined establishment requirements for Australian banks seeking to establish in Hong Kong as fully incorporated banks;
 - ✓ mechanisms to work towards mutual recognition of professional qualifications and registration;
 - ✓ enhanced cooperation between educational institutions and relevant government agencies in the areas of quality assurance, recognition of qualifications, online education, distance education and blended learning models; and,
 - ✓ guaranteed temporary entry to Hong Kong for Australian professionals including intra-corporate transferees (and their spouses and dependants), installers and servicers and business visitors.

E-commerce

Delivering rules to ensure vibrant digital economic links between Australia and Hong Kong was a significant priority for this Agreement. For the first time with any trading partner, Hong Kong has committed to free cross-border data flows (without mandatory local data storage requirements). This outcome enhances Hong Kong's reputation as an e-commerce hub, and provides Australian business, including SMEs, with guaranteed competitive reach into the East Asian region.

Investment

A-HKFTA will promote two-way investment flows between Australia and Hong Kong, and help attract vital capital into new and existing industries in Australia. Consistent with the threshold provided to a number of Australia's FTA partners, the threshold at which private Hong Kong investments in non-sensitive sectors are reviewed by the Foreign Investment Review Board has been increased from \$261 million to \$1,134 million. Australia has reserved the right to maintain its existing review process, including the ability to screen investments in sensitive sectors and residential land.

The 1993 Agreement between Australia and Hong Kong for the Promotion and Protection of Investments will terminate upon entry into force of the new Investment Agreement. The Investment Agreement contains rules to protect the substantial investments in each other's economies from discriminatory practices or expropriation. The Investment Agreement contains an Investor-State Dispute Settlement (ISDS) mechanism which reflects contemporary developments in investment policy. This includes:

- ✓ safeguards to protect the government's ability to regulate to pursue national security and legitimate public policy objectives such as public health, the environment and safety;
- ✓ procedural safeguards such as transparency requirements, expedited review of claims manifestly without legal merit, time limits on claims, and a Code of Conduct for arbitrators;
- ✓ carve-out for tobacco control measures; and
- ✓ carve-out for public health measures related to the Pharmaceutical Benefits Scheme, Medicare Benefits Scheme, Therapeutic Goods Administration and Office of the Gene Technology Regulator.



Improving the business environment

A-HKFTA and Investment Agreement will also support the competitiveness of Australian commercial interests by improving transparency and providing more certainty to doing business. Highlights include:

- ✓ intellectual property rules building on the WTO Agreement on Trade-Related Aspects of Intellectual Property;
- ✓ a commitment to maintain legal regimes that target anti-competitive business practices and enforce consumer protection in Australian and Hong Kong markets; and
- ✓ rules ensuring advance publication and impartial administration of all laws, regulations and procedures related to commitments made under A-HKFTA.