

AUSTRALIA-HONG KONG

FREE TRADE AGREEMENT

OUTCOMES: SERVICES

Like Australia, Hong Kong is a services-based economy. In 2018, Australian services exports to Hong Kong were valued at \$3.1 billion, and services imports from Hong Kong were valued at \$3.4 billion. Hong Kong retains relatively open market settings for Australian service suppliers, whether they are making virtual transactions or establishing a presence on the ground.

Trade in services – Australia and Hong Kong, 2018

Services exports	\$3.1 billion	Services imports	\$3.4 billion
% share of total	3.3%	% share of total	3.5%
Rank	7 th	Rank	9 th
Growth trend (2014-2018)	8.7%	Growth trend (2014-2018)	5.5%

Top 5 services exports

1 Personal travel services (excl. education)	\$785 million
2 Education-related travel services	\$780 million
3 Transport services	\$631 million
4 Professional, technical and other business services	\$396 million
5 Financial services	\$259 million

Top 5 services imports

Transport services	\$1.4 billion
Professional, technical and other business services	\$832 million
Personal travel services (excl. education)	\$741 million
Financial services	\$190 million
Business travel services	\$110 million

Source: ABS catalogue 5368.0.55.004 and unpublished ABS data. Year 2018 figures unless specified otherwise. All currencies AUD.

Hong Kong has made modest undertakings through the World Trade Organization (WTO) not to become more restrictive. This means Hong Kong is legally able to change the way it treats international service suppliers. Through A-HKFTA, Australia was able to secure commitments from Hong Kong to maintain its open market settings for Australian service suppliers. Hong Kong has also committed to ensuring that its laws, regulations and procedures with respect to matters covered under A-HKFTA are published online and administered in a consistent, impartial and reasonable manner. The services trade regime created by A-HKFTA will provide enduring certainty to Australian service suppliers as they explore growth opportunities in Hong Kong's large, lucrative and competitive market. Below provides a summary of sectoral outcomes.

Financial services

Financial services, including banking and insurance services, is one of the most dynamic sectors of the Australian economy. Total Australian cross-border exports of financial services grew to \$4.8



billion in 2018. Of these, exports to Hong Kong, valued at \$259 million, accounted for 5.4 per cent.

A-HKFTA further reduces regulatory restrictions on Australian firms already established in, or looking to access, Hong Kong.

Recognising that modern banking systems rely on the ability to securely transmit and store data, the A-HKFTA contains new rules on data flows for financial services, within the E-Commerce Chapter. These include rules that protect and maintain privacy requirements, while allowing business to transfer information across-borders. A-HKFTA also ensures that business are not required to store data locally, preventing the need to establish local computing facilities.

Key market access outcomes for Australian financial service suppliers include:

- ✓ guaranteed access for Australian insurance and banking providers, including those that provide new forms of financial service delivery, allowing them to capitalise on new technology facilitating cross-border provision of financial services;
- ✓ rules ensuring Australian providers of new financial services, including Fintech - a growing part of Australia's services economy - have access to Hong Kong;
- ✓ a commitment to allow the supply of electronic payment services for cross-border transactions, which have become an integral part of doing business; and
- ✓ commitments to streamline the regulatory and administrative requirements for Australian banks seeking to establish in Hong Kong as fully incorporated banks.

Professional services


Professional services such as legal, accounting, engineering and architectural services are a key contributor to trade in services between Australia and Hong Kong.

Meeting authorisation or licensing requirements is an important component of facilitating the flow of professional services between Australia and Hong Kong. A-HKFTA includes an Annex on Professional Services, which builds on the close links that already exist between professional services sectors. The Annex encourages relevant professional bodies to continue working together on mutual recognition of professional qualifications and registration.

In addition, A-HKFTA contains a side letter on Professional Services committing the governments of Australia and Hong Kong to explore ways to better facilitate the official recognition of existing professional experience. Australia and Hong Kong have committed to meeting within two years of entry into force of A-HKFTA to advance the recognition of qualifications required for registration, as a matter of priority.

Other outcomes for Australian professional service suppliers include commitments to reduce barriers to trade, including arbitrary restrictions on business names, and to encourage professional bodies to implement, or review and improve existing mutual recognition agreements for engineering and architectural services.

Market access outcomes for Australian exporters of professional, technical and other business services include the following.

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- ✓ Hong Kong has agreed to lock in current market access arrangements for accountants, auditors, book keepers, architects, engineers and integrated engineers, professional planners, and landscape architects.
 - ✓ Hong Kong has agreed to guarantee access for Australian lawyers to provide legal advice on Australian and international law on a cross-border basis.
 - ✓ A side letter provides for further negotiations on commitments for lawyers practicing Australian and international law based in Hong Kong within one year of entry into force.

Education services

The A-HKFTA framework supports the efforts of Australian education and training companies to expand internationally through courses delivered online, Australian education professionals working overseas, and foreign students studying in Australia.

Hong Kong is Australia's tenth largest education services export market. Australia's education services exports to Hong Kong were valued at \$780 million in 2018, accounting for 2.2 per cent of total Australian exports in education services.

- ✓ Under A-HKFTA, Hong Kong has locked in its current regime for education services, with a guarantee that Australian providers will be able to take advantage of opportunities created through further market reforms.
- ✓ Australia and Hong Kong have agreed to enhance 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.

Transport services

As supply chains become increasingly global and complex, businesses are looking to outsource parts of their transport and logistics activities to third-party providers. Being a global hub of transport and logistics, and a significant regional hub for the transport of many goods, Hong Kong plays a key role in Australia's trade. Australia's transport services exports to Hong Kong were valued at \$631 million in 2018, accounting for 8.4 per cent of total Australian exports of transport and logistics services.

Hong Kong has offered Australian suppliers of road, rail and air transport services better treatment than in any of its previous FTAs.

- ✓ Hong Kong has guaranteed market access for Australian suppliers of flight training and some aspects of ground handling services (airline representation, passenger handling, ramp handling).
- ✓ Hong Kong has guaranteed access under current levels of openness for rail, road and pipeline transport.

A-HKFTA provides a framework of rules and commitments that will guarantee transparent and predictable operating conditions for Australian providers.



Movement of business persons

Australian citizens and permanent residents who are business persons seeking temporary entry into Hong Kong under the following categories will benefit from enhanced certainty on entry and length of stay.

CATEGORIES	COMMITMENT
Business Visitors	90 days
Intra-corporate transferees (For sectors listed in Annex 10-A)	
<i>Senior manager</i>	One year plus extension of up to five years
<i>Specialist</i>	One year plus extension of up to five years
Installers and servicers (For sectors listed in Annex 10-A)	Three months in any 12-month period
Spouses and dependants (Intra-Corporate Transferees granted entry and temporary stay for a period longer than 12 months)	Linked to the length of stay of the primary applicant (sponsor)

For the first time, spouses of intra-corporate transferees will be allowed to enter and work in Hong Kong. Australia has made commitments on intra-corporate transferees, independent executives and their spouses as well as business visitors, subject to Australia's existing immigration and workplace relations frameworks.

For its part, Australia has made commitments to Hong Kong in the following categories:

- ✓ Business visitors, including service sellers;
- ✓ Intra-corporate transferees;
- ✓ Independent executives;
- ✓ And spouses of the latter two categories.