

Hong Kong, China's Bogor Goals Progress Report (as at 8 August 2014)*

Highlights of Achievements and Areas for Improvement

- No tariff on imports. No non-tariff measures to protect domestic industries.
- Hong Kong, China maintains a very liberal, transparent and open regime for trade in services and investments.
- International standards have been adopted as far as possible.
- New risk management techniques are being adopted to secure and facilitate trade. An Authorized Economic Operator program has been launched in recent times.
- The Competition Bill was passed in June 2012 to become the Competition Ordinance, which is part of the efforts to maintain fair and sustainable competition.
- Law reform in dispute resolution. In 2013, an amendment to the Arbitration Ordinance was enacted and the Mediation Ordinance came into force.
- The legislative regime relating to dispute resolution is being improved from time to time to enhance Hong Kong, China's status as a leading center for dispute resolution in the Asia-Pacific region.
- New measures to facilitate entry to business people, including the use of an automatic immigration clearance service, e-Channel.

Summary of Topics

Tariffs

Hong Kong, China applies no tariffs on imports; and binds tariffs on 3,366 tariff lines (about 46.07% of all lines) at zero on a MFN basis in 2013, accounting for 60% of imports in 2012 value terms. Wood, pulp, paper and furniture, and metals continue as the sectors with the highest percentage of zero bound tariff lines.

The FTA between Hong Kong, China and the European Free Trade Association (EFTA) entered into force on 1 October 2012 (for Iceland, Liechtenstein and Switzerland) and on 1 November 2012 (for Norway). Under this agreement, Hong Kong, China has committed to tariff free access for all products originating in the EFTA States.

Non-Tariff Measures

Hong Kong, China does not impose any quantitative restrictions or maintain non-tariff measures for the protection of domestic industries. Hong Kong, China only maintains those non-tariff measures that are required to protect public health, safety, security and the environment, and to fulfill obligations under international agreements, and these measures are under constant review with the objective of facilitating trade as far as possible. For example, in June 2012, Hong Kong, China exempted two varieties of GM (genetically modified) papaya and live recombinant veterinary vaccines from the restrictions on the imports of GMOs.

* This brief report was prepared with information from Hong Kong, China's submission of 2014 APEC Individual Action Plan (IAP) template; the WTO SPS and TBT Information Systems; and Hong Kong, China's Information Services Department and Trade and Industry Department websites.

Services

Hong Kong, China maintains a liberal regime for trade in services. Most service sectors are free and open, and foreign services providers and traders normally enjoy national treatment.

Under the FTA with EFTA, Hong Kong, China has made broad commitments for a wide range of services, some of them going beyond its current commitments under the GATS.

Investment

Hong Kong, China maintains one of the most liberal, open and transparent investment regimes in the world. There are no restrictions on foreign exchange transaction, repatriation of capital and returns related to foreign investment. Residency requirements about ownership of investments are required for the broadcasting sector, which are considered on par with international standards.

InvestHK, the government's investment promotion agency, maintains an active role facilitating investments. Since the last 2012 Hong Kong, China's Individual Action Plan, InvestHK assisted 700 companies to establish a presence or expand operations in Hong Kong, China.

Standards and Conformance

Hong Kong, China adopts international standards as far as possible, including ISO and IEC standards. For telecommunication equipment, Hong Kong, China has recognized 11 more testing laboratories as Conformity Assessment Bodies (CAB), increasing the total number of recognized testing laboratories to 25.

In 2012, the Hong Kong Accreditation Service increased its participation in cooperation activities, by becoming a signatory of the Asia Pacific Laboratory Accreditation Cooperation (APLAC) Mutual Recognition Arrangement (MRA) for reference material producer and the International Laboratory Accreditation Cooperation (ILAC) MRA for inspection.

By the end of 2013, one specific trade concern raised against Hong Kong, China at the WTO SPS Committee had not reported a resolution. The concern, which involved restrictions on import of food products after the nuclear power plant accident in Fukushima, was only discussed at the Committee meeting of June 2013 when it was newly raised but not at subsequent meetings. Similarly, two specific trade concerns against Hong Kong, China raised at the WTO TBT Committee had not reported a resolution yet. The most recent concern dates back to 2007 concerning an energy efficiency labelling scheme, whereas the other is related to a regulation on air pollution control (taxi) in 2001. The WTO member raising these two concerns has not taken any follow-up actions after studying Hong Kong, China's written responses.

Customs Procedures

Hong Kong, China has been adopting systematic risk management techniques to secure and facilitate trade. In particular, the Hong Kong Authorized Economic Operator (HK AEO) Programme was launched in April 2012. As at December 2013, 15 companies had been accredited as AEO. The Smart and Secure Trade Lanes Pilot Project was implemented in November 2013 to minimize controls and uphold end-to-end supply chain security.

Cooperation between customs administrations is increasing. AEO Mutual Recognition Arrangements with China and India Customs were signed to recognize their supply chain security programs. Moreover, since April 2012, the facilitation arrangements under the Economic Cooperation Framework Agreement between China and Chinese Taipei have been streamlined to improve trade facilitation, such as the relaxation of requirements for the advance submission of applications to Hong Kong Customs from two to one day prior to the arrival of the consignments.

Intellectual Property Rights

Among the measures to strengthen the enforcement of IPR, Customs established an Electronic Crime Investigation Centre in 2013 to improve the strategy to fight against cyber market crimes. Hong Kong, China is also organizing actions with a view to wiping out the selling of pirated and counterfeit products. These actions also include the cooperation with other customs authorities worldwide to mount operations to curtail the flow of infringing products and/or collect evidence for cases involving multi-jurisdictions.

Competition Policy

The Competition Bill was passed in June 2012 to become the Competition Ordinance. An Independent Competition Commission to deal with investigation and enforcement matters, and a Competition Tribunal to deal with the adjudication on competition-related cases have been established.

Government Procurement

The procurement system is under continuous review with a view to further liberalizing the government procurement regime and improving the transparency of tendering procedures.

Dispute Resolution

An amendment to the Arbitration Ordinance was passed in July 2013. Its principal objective is to implement the Arrangement Concerning Reciprocal Recognition and Enforcement of Arbitral Awards between the Hong Kong Special Administrative Region (HKSAR) and the Macao SAR concluded in January 2013. The amendment also seeks to enhance the arbitral regime of Hong Kong, China in the light of international practices. Of particular importance is the addition of new provisions for the judicial enforcement of emergency relief granted by an emergency arbitrator before an arbitral tribunal is constituted.

One of the goals is to enhance Hong Kong, China's status as an international alternative dispute resolution center. In this regard, the Mediation Ordinance came into force on 1 January 2013. It provides a legal framework for the conduct of mediation in Hong Kong, China without hampering the flexibility of the mediation process.

Mobility of Business People

Among the efforts to facilitate the mobility of business people, Hong Kong, China established a new Pre-arrival Registration for Taiwan Residents (PAR) for Chinese residents of Chinese Taipei in September 2012. PAR is an additional facilitation measure on top of the existing entry arrangements for Chinese Taipei residents visiting Hong Kong, China and will further enhance travel convenience for these residents.

The automated immigration clearance service, e-Channel, was extended in January 2012 to eligible Mainland Chinese visitors holding valid Exit-Entry Permit for Travelling to and from Hong Kong, China and Macao. This has also applied since April 2012 to enrolled foreign visitors who visited Hong Kong, China no less than three times by air in the past 12 months. From December 2013, eligible holders of passports issued by Hong Kong, China and the Republic of Korea may enroll for automated clearance service of the other side under a reciprocal arrangement for the use of this service.

RTAs/FTAs

Hong Kong, China has reported three FTAs in force¹ and one signed FTA but not implemented (Chile). Hong Kong, China and ASEAN commenced negotiations of an FTA in July 2014.

¹ Hong Kong, China's RTA/FTAs are the following ones: Hong Kong, China–China (2004), Hong Kong, China–New Zealand (2011), Hong Kong, China–EFTA (2012).