



MEDIA RELEASE

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

Conclusion of the ASEAN-Hong Kong, China Free Trade Agreement (AHKFTA) and the ASEAN-Hong Kong, China Investment Agreement (AHKIA)

The Economic Ministers of ASEAN and Hong Kong, China (HKC) announced the conclusion of the ASEAN-HKC Free Trade Agreement (AHKFTA) and the ASEAN-HKC Investment Agreement (AHKIA) at the Second ASEAN Economic Ministers (AEM)-HKC Consultations held on 9 September 2017 in Pasay City, the Philippines.

2. The negotiations for the AHKFTA and AHKIA commenced in July 2014 after the endorsement of the Terms of Reference for the ASEAN-HKC Trade Negotiation Committee (AHKTNC) and the Scope and Arrangements for the AHKFTA negotiations at the Second ASEAN Senior Economic Officials' Meeting (SEOM)-HKC Consultations in April 2014.
3. The AHKFTA covers Trade in Goods (TIG); Rules of Origin (ROO); Customs Procedures and Trade Facilitation (CPTF); Sanitary and Phytosanitary Measures (SPS); Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP); Trade Remedies; Trade in Services; Economic and Technical Co-operation (ECOTECH); Intellectual Property; and Dispute Settlement.
4. Investment is covered in a separate Agreement i.e. the AHKIA, taking into consideration HKC's status as a Special Administrative Region. .
5. The ECOTECH Chapter in the AHKFTA will be implemented through an ECOTECH Work Programme, which will be adopted when the two Agreements are signed at the margins of the 31st ASEAN Summit to be held in Pampanga, the Philippines in November 2017. HKC has committed a total contribution of HKD 25 million (approximately USD 3.2 million) over the period of five years to implement the ECOTECH Work Programme upon the entry into force of the AHKFTA.

Benefits of the AHKFTA and AHKIA to Malaysia

6. HKC was ASEAN's sixth largest trading partner in 2016, with total merchandise trade of USD 93.3 billion or 4.2 per cent of ASEAN's total trade. Total Foreign Direct Investment (FDI) flows from HKC into ASEAN amounted to USD 9.6 billion or 9.9 per cent of total FDI into ASEAN in the same year.

7. For Malaysia, HKC was the ninth largest trading partner in 2016 with total bilateral merchandise trade of USD 12.1 billion or 3.4 per cent of Malaysia's total trade. Meanwhile, total approved investments from HKC into Malaysia in 2016 amounted to USD 59 million namely in Basic and Fabricated Metal Products; Leather and Leather Products; Wood and Wood Products; and Machinery and Equipment.
8. HKC has committed to eliminate the customs duties on all originating goods from ASEAN under the AHKFTA. Furthermore, HKC has offered many improvements on the commitments that they have made under the General Agreement on Trade in Services (GATS) at the World Trade Organization (WTO) among others in areas such as professional services (architecture, engineering, urban planning, medical and veterinary services); telecommunication services (local and mobile services, radio and television services, motion picture, video tape and sound recording services); distributive services (commission agents and wholesale trade services); education services (limited commitment for higher education and adult education services); environmental services; hospital services; entertainment and sporting services; transport services (maritime freight forwarding transport, pre-shipment inspection, road freight transport and freight transport agency services); and spa services. HKC's offer to ASEAN also includes several subsectors that exceeds their offers in other existing FTAs, such as veterinary services; services provided by midwives, nurses, physiotherapists and para medical personnel; education services; road transport services; and spa services.
9. In addition, a side Agreement between HKC, Brunei Darussalam, Malaysia and Singapore will be established to maintain and acknowledge equal treatment to citizens and permanent residents (PRs) of the four Parties. The Side Agreement, which was initiated by Malaysia, constitutes an integral part of the AHKIA and enter into force between any two of the Parties to this Side Agreement on the date on which the AHKIA enters into force between such Parties. This will ensure that Malaysians who are currently PRs in HKC will be able to enjoy the benefit of the AHKIA and that their investments in HKC are also protected under the Agreement.
10. Malaysia has already benefited from the AHKFTA negotiations since its launch in July 2014 through the various joint activities undertaken together by MITI and SME Corp Malaysia together with HKC authorities. For instance, a large number of HKC officials and private sector took part in the ASEAN SME Showcase and Conference 2015 held in May 2015 in Kuala Lumpur and the outreach programme on the Mainland and HKC Economic Partnership Agreement (CEPA) in Kuala Lumpur on 5 October 2016 as part of the Early Harvest of the AHKFTA. Malaysia has also invited HKC to participate in the 20th Small and Medium Enterprise (SME) Annual Showcase and Conference (SMIDEX) 2017 which will be held from 15 to 17 November 2017 at the Malaysian International Trade and Exhibition Centre (MITEC) Kuala Lumpur. This will be the earliest deliverable under the recently concluded AHKFTA.

11. The realisation of the AHKFTA and AHKIA is crucial in strengthening ASEAN's economic integration and stimulating development in the region as HKC is one of the world's leading trade powerhouses. Furthermore, with ASEAN working towards extensive infrastructure development in the coming years under the ASEAN Master Plan on Connectivity (MPAC), as well as the mega One Belt One Road (OBOR) Initiative, there is a huge potential for ASEAN to attract investment opportunities from HKC.

Ministry of International Trade and Industry
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