



Hong Kong Expects to Finalize FTA with ASEAN by 2016

The first round of Free Trade Agreement (FTA) negotiations between Hong Kong and ASEAN was held in November 2014. The key topics of discussion during these negotiations included tariff reduction, rules of origin, liberalization of trade in services, investment promotion and protection, and intellectual property cooperation.

During the meeting, ASEAN members were particularly concerned with tariff reduction as Hong Kong is already a duty-free economy which does not impose any tariff on imported goods. Thus, the ASEAN side will have a burden in granting unitary tariff reduction to Hong Kong and as such must be well prepared for negotiating the rules of origin. Nevertheless, ASEAN nations still have much to gain from Hong Kong's expertise in finance and consultancy services as well as from investment in infrastructure and the service industry.

The Secretary for Commerce and Economic Development of the Hong Kong Special Administrative Region (HKSAR) Government revealed that an FTA between Hong Kong and ASEAN will help boost the economic growth of the two sides and, at the same time, further enhance Hong Kong's role as a regional trading hub and as a gateway for trade and investment between ASEAN and mainland China. Currently, Hong Kong is ranked 9th among Thailand's major trading partners and is Thailand's 4th main export destination. The main export products from Thailand include computers and accessories, gems and jewelry parts, electronic circuits, and fresh and dried fruits, while the main imported products from Hong Kong include gems and jewelry, gold bullion, and electric machinery and parts.

Hong Kong expects that the ASEAN-Hong Kong FTA should be ready for implementation by year 2016, following six rounds of negotiations.

Korea - Australia FTA to Be Implemented This Week

Having gone through a modest phase of negotiations that was first initiated in May 2009, Korea and Australia finally concluded the Korea – Australia Free Trade Agreement (KAFTA) in December 2013. The agreement, which was signed in April 2014, has now been ratified by both governments to bring the FTA into effect.

Although the Australian government ratified the deal in October 2014, Korea delayed ratification due to experiencing a minor domestic slowdown. News emerged from South Korea that there remained some minor conflicting interests between the industrial and agriculture sectors. The benefit of the FTA is expected to fall mostly to the industrial sector, particularly the auto industry where domestically produced cars are being exported to Australia. The agriculture sector, on the other hand, organized a strike which ended on 6 November 2014 when the Korean lawmakers promised to increase public subsidies when the FTA is active. On 2 December 2014, the Korean government finally ratified the agreement. The first tariff cut will be enacted on 12 December 2014. On that day, 84 percent of tariffs for goods imported from Australia will be cut. Subsequent tariffs on other goods will also be cut every New Year according to the schedule.

The deal provides an opportunity for the Australian agriculture industry to thrive in Korea. This is particularly so for food products and this deal could potentially pose a threat to some Thai food exports.

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Malika Bhumivarn | Partner
Malika.Bhumivarn@bolliger-consulting.com

Rachda Chiasakul | Partner | Director, Advisory Services
Rachda.chiasakul@bolliger-consulting.com

Tel. +66 (0) 2 625 6300
Fax. +66 (0) 2 625 6311

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