

AUSTRALIA-HONG KONG

FREE TRADE AGREEMENT

OUTCOMES: GOODS

Hong Kong is a sophisticated and wealthy market, and a gateway to consumers in China and other North Asian economies. It has long been a showcase market for Australian producers to establish brand recognition. In 2018, Australia sent around \$10.4 billion of goods to Hong Kong, our seventh largest goods export market. This is greater in value than our goods exports to countries such as New Zealand, Singapore, Indonesia and the UK. Top Australian goods exports to Hong Kong are gold, telecommunications equipment and parts, and edible products and preparations.

Hong Kong does not impose tariffs on Australian products, but has the legal right under the World Trade Organization (WTO) to introduce tariffs on a range of products (including gold, which is by far the largest export, valued at \$7 billion in 2018). The Australia-Hong Kong Free Trade Agreement (A-HKFTA) ensures that Australia's existing duty-free access is "locked in". A-HKFTA provides certainty for Australian exporters that Hong Kong will continue to provide tariff-free entry into the future.

Australia's trade in goods with Hong Kong, 2018

Australia's goods exports to Hong Kong	\$10.4 billion	Australia's goods imports from Hong Kong	\$1.0 billion
% share of total	3.0%	% share of total	0.3%
Rank	7th	Rank	33rd
Australia's top 10 goods exports to Hong Kong		Australia's top 10 goods imports from Hong Kong	
1 Gold	\$7 billion	Gold	\$320 million
2 Telecommunication equipment and parts	\$386 million	Telecommunication equipment and parts	\$91 million
3 Edible products and preparations	\$332 million	Electronic integrated circuits	\$59 million
4 Fruits and nuts	\$160 million	Pearls and gems	\$41 million
5 Meat (excl beef)	\$149 million	Jewellery	\$31 million
6 Alcoholic beverages	\$143 million	Edible products and preparations	\$28 million
7 Pearls and gems	\$128 million	Printed matter	\$28 million
8 Pharmaceutical products	\$114 million	Household-type equipment	\$21 million
9 Zinc	\$108 million	Prams, toys, games and sporting goods	\$17 million
10 Crustaceans	\$104 million	Electrical machinery and parts	\$16 million

Source: ABS catalogue 5368 and unpublished ABS data. Year 2018 figures unless specified otherwise. All currencies AUD.

Traded goods are often subject to mandatory technical regulations in the country of import, and may need to be tested and/or certified for compliance with those requirements. A-HKFTA will facilitate trade by reaffirming the commitments Australia and Hong Kong made under the WTO Agreement on Technical Barriers to Trade, and by ensuring greater harmonisation of technical requirements for food products and wine.

The **Wine Annex** provides new commitments to improve transparency of regulations and labelling requirements for wine. Traders will be able satisfy wine labelling requirements by including information such as product name, country of origin, net contents and alcohol content in a single field of vision. Traders will be able to meet any additional wine labelling requirements by affixing a supplementary label to the bottle. The Annex does not limit the government's ability to impose other labelling requirements, and standard exceptions for health and safety measures are included. Standardising labelling requirements will reduce uncertainty for producers and exporters, lowering the costs of doing business.

The **Food Products Annex** aims to facilitate trade in all food products, including by promoting the use of international standards, and providing a mechanism to enhance collaboration between regulators. It will also facilitate speedy resolution if consignments of perishables are delayed at the border. The Annex requires regulation of food products and food safety assurances to be based on risk assessment procedures in line with applicable international standards, and for respective regulatory bodies to share information on their requirements. Australia's ability to set requirements and standards, including for biosecurity, quarantine, and certification for food products will not be affected.

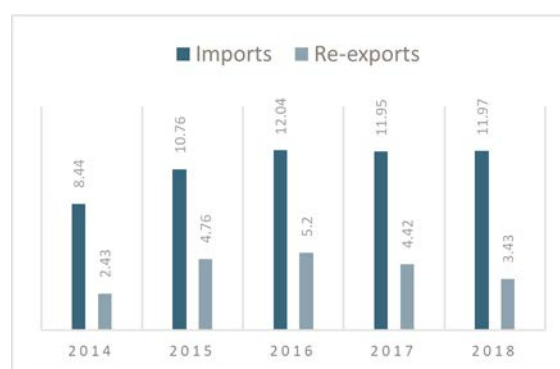
Hong Kong: a regional food and wine trading and distribution hub

With a wealthy population and large tourist visitor numbers, Hong Kong is a substantial market for food and beverage products. It is also an ideal market for showcasing products and regarded as a regional re-export hub.

Hong Kong relies heavily on imports, with 95% of food and beverage products being imported from around the world. Australia is already one of the top supplying countries for high quality meat, fruit and vegetables to Hong Kong, for its high-end retail and foodservice sectors. Of Hong Kong's total chilled beef imports in 2016–17, Australia was the largest supplier (47% volume share), followed by the US and Brazil. The region's increasing focus on identifying quality, safe and reliable foods presents major opportunities for Australian food sectors.

Australian wines have also built a strong presence in Hong Kong with industry recognition for their quality and regional identity. Australia exported 8.5 million litres of wine, valued at \$129 million, to Hong Kong last year. 13.3% of Hong Kong's imported wines came from Australia, making Australia the second largest wine exporter in Hong Kong after France.

Below chart shows the growth rate of Hong Kong's wine market over the past five years. Since the elimination of wine duties in 2008, Hong Kong has become a regional wine trading hub for Asia. About 29% of the imported wines into Hong Kong were re-exported in 2018.



HK\$ in 1,000 million; Source: Hong Kong Commerce and Economic Development Bureau (<https://www.wine.gov.hk/en/statistics.html>)