



Australia China Business Council  
澳大利亚中国工商业委员会

President and Chairman

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To the Department of Foreign Affairs and Trade,

## Re: Australia-Hong Kong Free Trade Agreement

The Australia China Business Council (ACBC) is a membership-based, non-profit, non-governmental organisation comprised of more than 1500 representatives from over 900 Australian companies who do business with China. Founded in 1973, we actively promote two way trade and investment, economic cooperation and understanding between the business communities of Australia and China.

ACBC has publicly welcomed Trade Minister Steven Ciobo's intention to pursue a free trade agreement with Hong Kong, and we are grateful for the opportunity to offer this submission.

As a Special Administrative Region of the People's Republic of China, Hong Kong is an important strategic partner for Australia as we continue to engage more deeply with the Asian region. Hong Kong is a gateway to the world for many mainland Chinese companies, and a gateway to China for a number of Australian companies.

Australia and Hong Kong have long enjoyed a strong and friendly relationship, in part thanks to the positive contribution of a large Hong Kong expatriate community here in Australia, as well as a large Australian expatriate community in Hong Kong. With over \$15 billion in two-way trade last year, and Australian goods exports to Hong Kong growing by 21 per cent over the last five years, now is a good time to lock in the positive features of our economic relationship and to take it to the next level.

Given that Hong Kong is a separate administrative region with its own tax, trade and investment rules, it is important for Australia to secure an open and mutually beneficial economic relationship that complements our relationship with mainland China (especially following the China Australia Free Trade Agreement) and other Asian nations.

We suggest the following points be emphasised in negotiations toward a Hong Kong-Australia FTA:

- Australia should seek to move towards zero tariffs on goods trade between Hong Kong and Australia, and non-discriminatory access to the Hong Kong market for Australian services.
- Australian businesses would benefit greatly from the ability to operate without a physical presence in Hong Kong. This is especially true of those in service industries that are seeking to procure Hong Kong government contracts.



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- In many cases Australian goods, services and investment receive more favourable treatment in Hong Kong than in mainland China, even under ChAFTA. Where this is not the case we urge that treatment of Australian goods, services and investment in Hong Kong be brought to a level comparable to their treatment in mainland China under ChAFTA.

We would like to make one further parenthetical point in relation to ChAFTA:

- ACBC recommends that, in the context of the annual ChAFTA reviews, Australia seeks to align our China market access terms with those accorded to Hong Kong through the Closer Economic Partnership Agreement (CEPA) between Hong Kong and China, which are particularly generous to Hong Kong service firms.

A Hong Kong-Australia Free Trade Agreement would complement our existing FTAs with China, Japan and South Korea. We thank you for the opportunity to offer these considerations, and we would welcome the opportunity to be further involved in the consultation process.

Yours sincerely,

**John Brumby**  
President and Chairman  
Australia China Business Council



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