

Hong Kong and Australia conclude Free Trade Agreement negotiations

Hong Kong and Australia announced today (November 15) the successful conclusion of negotiations on a Free Trade Agreement (FTA) and an Investment Agreement after reaching consensus on both agreements.

The Secretary for Commerce and Economic Development, Mr Edward Yau, today met with the Australian Minister for Trade, Tourism and Investment, Mr Simon Birmingham, who was also attending the 30th APEC Ministerial Meeting in Port Moresby, Papua New Guinea to discuss the FTA and the Investment Agreement between Hong Kong and Australia. After the meeting, they signed the Declaration of Intent to signify the successful conclusion of the negotiations.

"Hong Kong and Australia are two like-minded economies in pursuit of free trade. Australia is also a very important trading partner of Hong Kong. Hong Kong has set clear objectives in launching the FTA negotiations – to achieve zero tariffs for Hong Kong products to the Australian market and to secure Australia's best FTA commitments for Hong Kong services. Our objectives are largely met with the successful conclusion of the negotiation of the very comprehensive FTA and Investment Agreement today, thereby bringing our bilateral trade and investment relationship with Australia to a new height," Mr Yau said.

"The two agreements encompass trade in goods, trade in services, investment and other related areas, providing us with legal certainty and better access to the Australian market, whilst also creating business opportunities and further enhancing trade and investment flows between the two places. Hong Kong's economy stands to benefit from the two agreements," he added.

Mr Yau said Hong Kong and Australia expect to sign the FTA and the Investment Agreement in the first half of the coming year, after completion of the respective internal procedures. Details of both agreements will then be announced.

"To help Hong Kong enterprises and investors expand their markets, further reinforce Hong Kong's status as an international trade and investment hub and establish our worldwide network of economic and trade connections, we have been actively seeking to negotiate and forge FTAs and Investment Agreements with economies that have strong economic and trade connections with Hong Kong, markets with development potential or at strategic locations, as well as like-minded trading partners," Mr Yau said.

The FTA and the Investment Agreement negotiations between Hong Kong and Australia commenced in May 2017 and were completed in November 2018.

In the past 12 months, the current term Government has signed three FTAs with 12 economies (the 10 Member States of the Association of Southeast Asian Nations, Georgia and the Macao Special Administrative Region). It has also concluded negotiations for an FTA with the Maldives. The FTAs with Australia and the Maldives will bring the total number of FTAs that Hong Kong has signed to nine, more than double the number signed by the Hong Kong Government prior to the current term.

In 2017, Australia was Hong Kong's 19th largest trading partner in merchandise trade; the total merchandise trade between two sides was about HK\$54.2 billion. Australia was also Hong Kong's seventh largest trading partner in services trade in 2016 and total services trade amounted to HK\$41.7 billion in the same year. On investment, as at the end of 2016, Australia ranked sixth among Hong Kong's destinations for outward direct investment, with a stock of HK\$135.3 billion, and it ranked 19th among Hong Kong's sources for inward direct investment, with a stock of HK\$24.5 billion.

[Speech by CE at AsiaGlobal Dialogue 2018 \(English only\) \(with photo/video\)](#)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the AsiaGlobal Dialogue 2018 held at the University of Hong Kong today (November 15):

Victor (Co-chair of the Advisory Board of the Asia Global Institute, Dr Victor Fung), Professor Zhang (President and Vice-Chancellor of the University of Hong Kong, Professor Zhang Xiang), Professor Spence (Co-Chair of the Advisory Board of the Asia Global Institute, and recipient of the Nobel Memorial Prize in Economic Sciences (2001), Professor Michael Spence), ladies and gentlemen,

Good morning. I'm honoured to join you today for the University of Hong Kong's annual AsiaGlobal Dialogue, and for the second year in a row.

It is a testing time for globalisation and multilateralism. This year's theme – "Redefining Multilateralism for a Global Economy" – is sure to stimulate considered and spirited discussion. That is in keeping with the Asia Global Institute and its welcome mission, which is to generate innovative thinking and business-relevant research on global issues from Asian perspectives, in order to inform global policy and actions towards a prosperous and sustainable future for all.

When we talk about multilateralism, the World Trade Organization (WTO) immediately comes to mind. The establishment of the WTO in 1995 was a landmark development, a giant step towards a rule-based multilateral trading

system, which is the foundation for the liberalisation of global trade and investment. Indeed, trade volume in goods and services has tripled since then. Global foreign direct investment flow is up more than four-fold over the past 22 years. Developing economies, in particular, rose almost six-fold.

The results are clear and compelling: the flow of goods and capital has unleashed immense productivity growth worldwide. In doing so, it has raised incomes and the living standards of billions of people. World GDP has grown an average 3.8 per cent a year in real terms over the past 22 years, with per capita GDP also doubling.

For developing economies, globalisation through multilateralism has helped them integrate into the global value chain, in the process lifting a great many people out of poverty. Indeed, nearly 1.1 billion people have moved out of extreme poverty since 1990, according to the World Bank.

That's not to say that globalisation is problem-free. Some of the world's poorest economies have been left behind; their paucity of resources, skills, equipment and infrastructure leave them unable to seize the opportunities. As for advanced economies, there is the real challenge of job losses, in part because of widespread outsourcing and the relocation of lower-skilled, labour-intensive production to developing economies.

At the same time, efforts to expand multilateralism have foundered in recent years because of profound differences among WTO members. The global financial crisis in 2008 has also had an unsettling impact, from protests against free trade to calls for de-globalisation in some advanced economies. In short, the multilateral trading system set in motion by the WTO has encountered fierce opposition, and that resistance has only swelled in recent years.

As I noted in my speech here last year, the fundamental solution lies in making economic development more inclusive, in boosting the benefits we create for our people. I outlined a number of measures essential to building an inclusive community, and I won't repeat those this morning.

Rather, let me say that I am very concerned about global trade developments over this past year. Last year at this occasion, I said that I saw worrying signs of rising protectionism. I am afraid that now we see more than signs, with the United States introducing unilateral trade measures against other economies. The unilateral actions taken by the United States and inevitable retaliatory actions by other economies will surely raise the barriers to trade and investment, risking a widespread economic slowdown or even a global recession.

I'm pleased to note that the second largest economy in the world, that is Mainland China, is providing the much needed support for the multilateral system. This year marks the 40th anniversary of China's reform and opening up. By the way, many of you in Hong Kong would know that I just came back to Hong Kong on Monday after leading a delegation of over 160 members from various sectors of the community to visit Shenzhen and Beijing to celebrate

this anniversary. In this milestone year, the inaugural China International Import Expo was held in Shanghai last week. Victor and I were there. Actually, Hong Kong actively participated in the Expo. We set up a Hong Kong Exhibition Area, and over 160 enterprises joined the Enterprise and Business Exhibition, showcasing our unique role as a strategic gateway and important hub for the opening up of the country.

The Expo is the world's first import expo held at the national level. Some of you may have picked up the figures about the achievements in this Expo. This reaffirms my belief that sometimes the Chinese people approach the subject of trade in a way very different from the American people, that we emphasise deeds rather than rhetoric. At the opening ceremony of the Expo, President Xi Jinping delivered a keynote address entitled "Work Together for an Open Global Economy that is Innovative and Inclusive". He said that the Expo "demonstrates China's consistent position of supporting the multilateral trading system and promoting free trade", and "it is a concrete action by China to advance an open world economy and support economic globalisation". President Xi emphasised that "openness and co-operation will remain essential for continued human progress". He named five concrete aspects that China will step up efforts to broaden its opening up, one of which is to promote international co-operation at the multilateral and bilateral levels. In particular, he said that China will continue to advance the Belt and Road Initiative through international co-operation in the spirit of consultation and collaboration for shared benefits.

Hong Kong is determined to play an active part in the country's noble efforts to build a community with a shared future and usher in an even better tomorrow for mankind. First of all, we will continue to promote free trade, both by supporting the rule-based multilateral trading system, which is the most effective safeguard against protectionism, and by expanding our network of free trade agreements. Let me make it clear: whatever the changes to the global economic landscape, we are committed to keeping Hong Kong markets free and unfettered, our economy open wide to global business and investment.

And we will promote international co-operation through our participation in the Belt and Road Initiative. Hong Kong is prepared to offer our expertise in professional services for countries and enterprises seeking to participate in the Initiative. Our expertise covers infrastructure development, financial services, engineering, consultancy, accounting, law, etc. These services will be in considerable demand for infrastructure and other projects arising from the Belt and Road Initiative.

Let me add that we will leverage our unique advantages under "one country, two systems" to promote multilateralism and people-to-people bonds in the global environment, which is one of the key objectives of the Belt and Road Initiative. One area that Hong Kong can contribute, which we are doing, is capacity building. We have huge experience in many areas of city management, including town planning, flood prevention, slope stabilisation, railway operation, aviation safety and emergency services. We have also built institutions to fight against corruption, promote equal opportunities and deal with administrative complaints. We are willing to share our experience

in those aspects with emerging economies and help build their capacity. In fact, many of our departments and institutions, such as the Independent Commission Against Corruption and the Fire and Ambulance Services Academy, are already offering training or experience sharing with their counterparts from emerging economies, including those along the Belt and Road. We believe that such capacity building efforts will help promote inclusive growth, which in turn will strengthen the confidence in the multilateral system.

Ladies and gentlemen, economic globalisation is an irreversible trend. The rule-based multilateral trading system is one of the pillars that enable freer flows of trade and investment across economies that provide the very impetus to global economic development. At the moment, it is being tested, threatened by a wall of protectionist rhetoric and lamentable action. Through dialogue, through gatherings such as today's, I'm hopeful that we will surmount those obstructions, that we will find our way to an open and inclusive global economy.

I wish you all a very rewarding day. Thank you very much.



[Speech by SCED at plenary session of APEC Ministerial Meeting \(English only\) \(with photo\)](#)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a plenary session themed "Improving Connectivity, Deepening Regional Economic Integration" at the 30th Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Port Moresby,

Papua New Guinea today (November 15):

Chairman,

Since we met in May, the threat and danger imposed by protectionist measures are not merely imminent but also real. Two worsening signs have been imposed on world trade and our multilateral trading system:

(a) the sanctions triggered by trade disputes have reversed the otherwise positive and productive year of trade in 2018. Taking Hong Kong China (HKC) as an example, for the first nine months of 2018 as a whole, the value of total exports and import of goods rose by a double-digit growth, but the global outlook for 2019 has turned negative, gloomy and uncertain to say the least.

The International Monetary Fund and World Trade Organization (WTO) have knocked down the full year projection of world trade for 2018 by 0.5 per cent. The Director-General of WTO went even further to forecast that a full-blown global trade war, if it ever happened, would reduce global trade by around 17 per cent and GDP growth by 1.9 per cent.

(b) HKC's greater worry is for an inflicted wound of a systemic nature, seeing the proliferation of unilateral tariff increase and individual members tackling disputes outside the WTO mechanism.

This is widely seen as a retrogression from trade liberation since the founding of the WTO. We are certainly bothered by the increase rather than reduction or removal of tariffs in trade; and the continued blockage that threatens the effective functioning of dispute settlement mechanism of the WTO.

As I mentioned in May when we last met, trade disputes do not only hurt the rival parties, but also impose a heavy toll on world trade and economic development. Given the complexity of the global supply chains, trade barriers, be they tariff or non-tariff, will result in higher cost of business that would be borne not just by the producers or exporting party, but equally, if not more significantly, by the importing and consumer end. With the likely escalation of trade frictions, the uncertainties in the external environment have increased significantly. This could weigh on global economic sentiment as well as trade and investment growth, and the collateral damage will be borne by most, if not all, members of our global trading communities.

As a staunch supporter of the multilateral trading system (MTS) and a free trade practitioner, HKC is highly vulnerable but it does not stop us from defending more rigorously the MTS. And only by defending the MTS could the interest of free traders be safeguarded. We must not underestimate the unprecedented challenges facing the MTS with the WTO at its core. All of us therefore have strong vested interest in upholding and strengthening the WTO, instead of letting it slowly slide into marginalisation.

We urge fellow APEC members to redouble our efforts to contain the escalating trade conflicts through constructive dialogue.

It would be naïve to think free trade is free of dispute. But the very purpose of maintaining an effective MTS is to allow disputes to be discussed, negotiated and settled through rules and mechanisms created for such purposes. HKC expresses our utmost concern about the ongoing impasse in filling the vacancies in the Appellate Body (AB), which is now left with three serving judges – the minimum for the AB to function. We object strongly to holding hostage the selection process under the pretext of any dissatisfaction over existing rules or practices.

In view of the indispensable role that the WTO plays in facilitating and safeguarding trade, HKC fully shares the need to constantly review and improve the functioning of the system. We note that efforts to reform or modernise the WTO are taking place and some members have already put forward proposals to improve the important pillars of the WTO and update global trade rules. We welcome constructive moves that will help facilitate members' discussions with a view to bringing the WTO forward instead of a standing still. Nevertheless, given the diverse interests and priorities among all WTO members, any improvements must be premised on a balanced approach recognising the rights and obligations of members, and must be done in good faith and with a firm commitment to strengthening rather than weakening the rules-based MTS.

While there may be barriers in trade, HKC and like-minded economies and supporters of WTO are strengthening our alliances. Following the free trade agreement (FTA) with ASEAN, HKC is expecting to conclude an FTA negotiation with Australia. We also signalled our intention to start FTA negotiations with the Pacific Alliance and to join the Regional Comprehensive Economic Partnership when time is ripe.

Connecting the Region through Regional Economic Integration

Free Trade Area of the Asia-Pacific

Turning to regional economic integration, HKC supports efforts in achieving the Bogor Goals and deeper economic integration in the Asia-Pacific region. We are committed to pursuing FTAs with our trading partners, and to pursuing the long-term vision of the Free Trade Area of the Asia-Pacific (FTAAP) as a concrete step towards greater regional economic integration. We welcome progress on various fronts under the FTAAP undertaken by member economies. All the more important against the backdrop of trade war, our concerted efforts must continue to maintain momentum for the early realisation of FTAAP.

Post-2020 Vision for APEC

We welcome the establishment of the APEC Vision Group with members from business community, academic institutions and governments around the region. I am sure that the Group, with its deep knowledge and insight, will come up

with useful and constructive recommendations to set APEC on the right path for deeper trade liberalisation, and a sustainable and more inclusive growth in the region to address the emerging opportunities and challenges arising from digital technologies, thereby bringing further benefits and prosperity to the general community of the Asia-Pacific region.

Potential of Internet and Digital Economy to Support Micro, Small and Medium Enterprises (MSMEs)' Internationalisation

As a concrete step to foster participation by MSMEs in the international trade in the digital era, HKC has, over the past two years, been spearheading the development of an APEC-wide co-operative online dispute resolution (ODR) framework for MSMEs with a view to strengthening MSMEs' competitiveness and internationalisation in the digital era. The high legal cost and language barriers associated with dispute resolution are one of the greatest challenges for MSMEs involved in international trade. The ODR will assist MSMEs with limited resources through the use of digital technology to facilitate speedy dispute resolution in cross-border trade. We are glad that this initiative is well-supported by APEC member economies, with 14 economies co-sponsoring the proposal.

Meanwhile, HKC also supports other APEC projects that help MSMEs stay competitive through internationalisation, modernisation and innovation, and achieve sustainable and inclusive growth. We have co-sponsored a number of projects at the SME Working Group in areas including developing young entrepreneurs, empowering women in business, business ethics, and e-commerce. We look forward to further collaboration with APEC members.

Domestically, HKC administers a wide range of supporting measures to encourage research and development (R&D) investment by enterprises. In this regard, we will roll-out a tax deduction scheme for their qualifying R&D expenditure up to a 300 per cent tax rebate. We also have a vibrant and well-developed private venture capital market that provides an enabling environment for MSMEs to thrive in the digital market.

APEC's Action Agenda on the Digital Economy

The APEC Internet and Digital Economy Roadmap was adopted by senior officials last year. The Roadmap serves as a useful framework providing guidance on key areas and actions to facilitate technological and policy exchanges among APEC member economies. This year, under the able chairmanship of Papua New Guinea (PNG) and the concerted efforts of member economies, we are glad that a new APEC governance mechanism is established to co-ordinate various APEC fora and take forward the work of the Internet and digital economy. Furthermore, the APEC's Action Agenda on the Digital Economy (Action Agenda) put forward by PNG has outlined concrete directions for the implementation work next year. I am pleased to join hands with other ministers in recommending the Action Agenda for endorsement by our leaders as a key 2018 deliverable of APEC.

Connectivity

HKC fully supports strengthening the physical, institutional, and people-to-people connectivity of the region by 2025. To share our efforts in addressing connectivity challenges, HKC has contributed a case study on our newly operated Guangzhou-Shenzhen-Hong Kong Express Rail Link project to the report on "Case Studies on Addressing Connectivity Challenges in APEC economies", which is a key connectivity initiative this year.

Services

Being a predominantly services-oriented economy, HKC welcomes the progress made in the implementation of the APEC Services Competitiveness Roadmap. We support the initiatives under the Roadmap to enhance competitiveness in the services sector and spur on progress towards the goal of 2025, and we have been actively working with member economies in developing the APEC Principles for Domestic Regulations in Services Sector and studying the index to measure the regulatory regime of services trade in APEC. We stand ready to work with other APEC member economies in taking forward the Roadmap, so as to develop an efficient and competitive services sector.

Thank you.



[Sick remand person in custody dies in public hospital](#)

A sick 74-year-old male remand person in custody at Siu Lam Psychiatric Centre died in a public hospital today (November 15).

The remand person in custody, who suffered from a cerebrovascular accident, myocardial infarction and hypertension, required continuous medical care and follow-up at the institution hospital and public hospitals. On October 31, he was sent to a public hospital for treatment and was later diagnosed with sepsis and multiorgan failure. During hospitalisation, his condition deteriorated and he was certified dead at 2.44am today.

The case has been reported to the Police. A death inquest will be held by the Coroner's Court.

The remand person in custody was remanded for the offence of manslaughter in June 2018.

AIDS hotline service to be suspended

The Acquired Immune Deficiency Syndrome (AIDS) hotline service under the Special Preventive Programme of the Centre for Health Protection of the Department of Health will be suspended from 6pm to 10pm tomorrow (November 16) for a maintenance check.

The service will resume after maintenance.

The free and anonymous AIDS hotline (2780 2211) provides information on AIDS and sexually transmitted infections and a Human Immunodeficiency Virus antibody testing booking service to the public.