

SCED speaks on Free Trade Agreement between Hong Kong and Georgia

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session on the Free Trade Agreement (FTA) signed between Hong Kong and Georgia at the third Belt and Road Summit today (June 28):

Secretary for Commerce and Economic Development: May I echo the Minister's (Deputy Minister of Economy and Sustainable Development of Georgia, Mr Genadi Arveladze) remarks that this is indeed a very useful, comprehensive and important Free Trade Agreement between Hong Kong and Georgia. One would ask as our two economies are some distance apart, in fact at the far ends of the big continent of Asia where we are in the East Asia and Georgia in the Eurasia region, what brings us together. I think it is the common commitment and belief that free trade will boost economic development, not just in our respective economy, but for the bigger world.

Hong Kong people may not necessarily know that much about Georgia. But I believe that this Free Trade Agreement will bring Hong Kong very much into the part of Eurasia because Georgia is there like Hong Kong in Asia. I have noted that an index, which is commonly known in Hong Kong, the Heritage Foundation's Economic Freedom Index, where Hong Kong is ranked number one, 24 years in a row, Georgia is ranked number 16 among the 180 countries that they have surveyed. It is one of the more open and pro-trade economies gaining tremendous economic growth in the last decade or so.

As the Minister mentioned, an FTA is never easy to be concluded as a trade document because it cuts across many sectors. But we have done this with a very smooth negotiation and swift conclusion in two rounds of discussion within eight months. I think that signifies how much importance we attached to this document and also how like-minded Hong Kong and Georgia are on the subject of free trade. As the Minister mentioned, it is comprehensive because it covers a wide spectrum of areas from trade in goods to trade in services. It is also of a very high standard – we are not just benchmarking WTO (World Trade Organization) rules, there are some areas that are beyond WTO requirements. That hopefully set the scene for future FTAs where we will benchmark a higher standard.

This is very important at this time of the global trading system seeing trade protection and trade disputes looming. The fact that we are able to strike the deal and set a very high standard by this Free Trade Agreement is a very strong testimony that we do not believe trade is a zero-sum game. This FTA has a very major strategic importance to Hong Kong because we are talking about spreading our markets, stretching and reaching out to the wider world as we continue to be the world's global trading centre.

I think Eurasia is an important region because it crosses two continents. It is also a very important location where we can tap into the

Eurasia market and all the way into East Europe and further. We believe this would open a new chapter for both of us. This also reinforces our continuous efforts in the last 12 months as we continue to use free trade agreements or investment agreements to build our trade connections. In the last 12 months, we have concluded an FTA with Macao and a very important one with ASEAN (the Association of Southeast Asian Nations). And the one with Georgia is also of strategic importance.

Reporter: The trade tensions around the regions, like between the United States and China, have been intensifying. Do you have confidence that Hong Kong could withstand the harm brought by the trade tensions?

Secretary for Commerce and Economic Development: I was exactly saying that it is saddening to see that after so many years of clear demonstration that free trade could bring economic prosperity for all, it is unfortunate we are still seeing a lot of trade disputes and conflicts looming in the world between players. What Hong Kong could do on one hand is to build defence, and to critically assess what impact that would be posed to Hong Kong, and also to take measures to safeguard our own interest. But a more positive move is to build more alliances of like-minded free traders, like Hong Kong and Georgia, through all the free trade agreements that we have been signing over the years with major partners, including with ASEAN last year and also this one with Georgia, a country strategically located in Eurasia. We believe these free trade agreements demonstrate a very strong case that trade is not a zero-sum game. Through taking down trade barriers, we are actually seeing more prospects of economic growth arising from trade.

(Please also refer to the Chinese portion of the transcript.)