

## **Hong Kong and Chile Sign Free Trade Agreement**

September 7, 2012.

On September 7th, 2012, Hong Kong and Chile signed a bilateral Free Trade Agreement (the Agreement), marking a new milestone in the furtherance of trade and investment co-operation between the two economies. The Agreement will enter into force on a date to be mutually determined by Hong Kong and Chile after completing necessary domestic procedures.

### **Key Outcomes**

The Agreement consists of 19 Chapters and covers a wide range of areas of mutual interest to Hong Kong and Chile. The major features and liberalization measures of the Agreement are summarized below.

- On trade in goods, for goods originating from Hong Kong, Chile will abolish import tariffs on around 88 per cent of its tariff lines, and will phase out the tariffs on an additional 10 per cent over three years.
- On trade in services, Hong Kong service providers will enjoy legal certainty in market access and national treatment for a comprehensive range of services in the Chilean market.
- On investment, Hong Kong investors will have legal certainty on national treatment in respect of their investments in specified non-services sectors in Chile. To enhance investment flows between the two economies, Hong Kong and Chile agreed to further negotiate a more comprehensive agreement on investment promotion and protection.
- The Agreement also contains provisions to promote competition, facilitate access to each other's government procurement market, enhance co-operation in customs procedures and protect the environment. Under the Agreement, Hong Kong and Chile will co-operate in the areas of sanitary and phytosanitary measures and technical barriers to trade, with the objective of reducing trade barriers and facilitating bilateral trade as far as possible.

### **General Comment:**

Total merchandise trade between Hong Kong and Chile was HK\$7,058 million (US\$904.87 million) in 2011 while total service trade was HK\$950 million (US\$121.79 million) in 2010. On trade in goods, Chile ranked 29th among Hong Kong's worldwide trading partners and fourth among those in Latin America in 2011. On trade in services, Chile ranked 32nd among Hong Kong's worldwide trading partners and fourth among those in Latin America in 2010.

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The Agreement will help Hong Kong businesses tap the Chilean market, which offers potential opportunities as an emerging market in itself, as well as opportunities as a gateway to the South American region. It will also expand Hong Kong's free trade agreement network to the American region, in addition to the existing linkage with the Asia-Pacific and European regions.

As regards to Chile, with the addition of this agreement, it now has 60 FTAs with various countries and regions representing more than 90% of the world GDP, making it the most open economy in the world.