Source: South China Morning Post
Date: 15/12/2018

ECONOMY

BAY AREA TARIFF BREAK FOR HK FIRMS

Deal under CEPA to boost exports and help liberalise service sectors welcomed as a 'Christmas gift'

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Local businesses have been given a boost after Hong Kong signed an agreement removing tariffs from goods being exported to the "Greater Bay Area" as well as liberalising key service sectors.

Yesterday's deal, signed by the city and central government, removes tax and customs barriers between Hong Kong and the planned bay area.

And in a pilot scheme, the city's service sectors in finance, education, tourism and culture will be allowed to launch in the bay area – Beijing's project to integrate Hong Kong, Macau and nine Guangdong cities into a financial and technological hub.

Financial Secretary Paul Chan Mo-po and Fu Ziying, the vice-minister of commerce, signed the deal at a ceremony witnessed by Chief Executive Carrie Lam Cheng Yuet-ngor.

"The agreement shows trade relations between Hong Kong and the mainland are of the highest level, ushering in a new phase of cooperation," Fu said.

Chan said the move would improve the flow of goods in the Greater Bay Area.

"It will deepen free trade on both sides and help Hong Kong brands break into the mainland China market," he said.

The agreement, part of the Closer Economic Partnership Arrangement (CEPA), is expected to take effect on January 1.

Hong Kong was the mainland's third-largest trade partner last year, after the United States and Japan.

The mainland's imports of goods made in Hong Kong stood at US$7.3 billion in 2017, but US$279.3 billion in products went the opposite way.

There are 6,000 items involved in the latest agreement, with the bulk of them having been subject to a tariff ranging between 0.8 per cent and 65 per cent.

Previously, CEPA had already provided import tax exemptions on 1,901 products made in Hong Kong.

Aron Harilela, chairman of the Hong Kong General Chamber of Commerce, described the agreement as a "Christmas gift" for companies under the shadow of the trade war between the United States and China.

Dennis Ng Wan-pun, head of the Chinese Manufacturers' Association, said the agreement would be positive for Hong Kong entrepreneurs. "As the city is pushing re-industrialisation, investors will have access to more opportunities on the mainland market," he said.

"It will be good for hi-tech or high-value-added products that are made in Hong Kong."

In terms of liberalising Hong Kong services across the border, the two sides reached a consensus to relax geographic restrictions on the city's law firms setting up partnerships with their mainland counterparts.

Now, link-ups with mainland law firms will be allowed across the country, instead of being restricted to Guangzhou, Shenzhen and Zhuhai.

> **It will ... help Hong Kong brands break into the mainland China market**
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> FINANCIAL SECRETARY PAUL CHAN