

CHINA – HONG KONG, CHINA (Goods)
Summary Fact Sheet
November 2007

Table 1: Background Information

Parties	People's Republic of China; Hong Kong, China	
Date of signature	29 June 2003	
Date of entry into force	29 June 2003 for imports from China by Hong Kong, China; 1 January 2004 for imports from Hong Kong, China by China	
Transition period for full implementation	2.5 years for tariff arrangements	
Date of full implementation	1 January 2006	
Website addresses or points of contact	China: www.mofcom.gov.cn Hong Kong, China: www.tid.gov.hk	
List of related GATT/WTO documents	WT/REG162/N/1 WT/REG162/1 and Add.1-3 WT/REG162/2 WT/REG162/3 WT/REG162/M/1-3 WT/REG162/5-7 and WT/REG162/7/Rev.1	Notification Agreement Terms of Reference Standard Format Summary Records Questions and Replies

Table 2: Internal trade liberalization provisions

Import duties and charges	Article 5 - Hong Kong, China will apply zero tariff on all imported goods originating in China. No later than 1 January 2006, China shall apply zero tariff on all imported goods originating in Hong Kong, China as long as they satisfy the CEPA's rules of origin.
Export duties and charges	The CEPA does not contain any specific provisions on export duties and charges.
Non-tariff measures	Article 6 - Neither side shall apply non-tariff measures that are inconsistent with the provisions of the WTO Agreements to goods imported and originating in the other Party. China will not apply tariff rate quota to goods of Hong Kong, China origin.
Sector-specific rules	The CEPA does not contain any sector-specific provisions.
Product exclusions	Article 1.1 of the Supplement II to the CEPA - The zero tariff arrangement of China does not include goods prohibited from import as stipulated in China's laws and regulations, those banned from import under its international treaty obligations, and special products committed by China in international agreements.

Table 3: Common External Tariff

Provisions	Not applicable
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Table 4: General trade-related provisions

Provision	Relevant Article(s)	Additional Information
Rules of Origin	Chapter 3, Annex 2, Amendment of Annex 2 in Supplement II to the CEPA, and Annex 3	Goods are treated as originating in China or Hong Kong, China if they are wholly obtained in China or Hong Kong, China respectively. Goods not wholly obtained in the Parties are considered as originating in China or Hong Kong, China only if they have undergone substantial transformation in the Parties respectively. Depending on the product, substantial transformation is defined by either one of the following criteria: manufacturing or processing operations; change in tariff heading; value-added content; other criteria or mixed criteria. Additional conditions (such as brand requirement) can be used if the substantial transformation criteria are not adequate for determining origin. There are no cumulation rules. Annex 2 gives specific origin criteria. Annex 3 gives procedures for the issuing and verification of certificates of origin.
Standards-related	Article	The Parties will promote cooperation in commodity inspection,

Provision	Relevant Article(s)	Additional Information
measures	17.1.3, and Item 5.2.4 of Annex 6	quality and standardization, and urge their respective organisations to strengthen cooperation with a view to promoting conformity assessment (including testing, certification and inspection), accreditation and standardization management.
SPS measures	Article 17.1.3, and Item 5.2.2 of Annex 6	The Parties will promote cooperation in commodity quarantine and food safety, and will use the existing co-ordination mechanism to step up cooperation in inspection and quarantine of animals and plants as well as in food safety, to enable the Parties to enforce their respective regulations more effectively.
Safeguard mechanisms (intra-trade)	Article 9, and Annex 1	If the implementation of the CEPA causes a sharp increase in the import of a product in Annex 1 originating in the other Party which has caused or threatened to cause serious injury to the affected Party's domestic industry that produces like or directly competitive products, the affected Party may, after giving written notice, temporarily suspend the concessions under the CEPA on the import of the concerned product from the other Party, and will, at the request of the other Party, promptly commence consultations under Article 19 in order to reach an agreement.
Anti-dumping and countervailing measures	Articles 7 and 8	The Parties undertake that they will not apply anti-dumping measures to goods imported and originated from the other Party. The Parties reiterate their observance of the WTO Agreement on Subsidies and Countervailing Measures and Article XVI of GATT 1994, and undertake not to apply countervailing measures to goods imported and originated from each other.
Subsidies and state aid	None	
Customs-related procedures	Article 17.1.2, and Item 4 of Annex 6	The Parties will promote cooperation in customs clearance facilitation.
IPR	Amendment of Article 17 in Supplement III to the CEPA	The Parties agree to strengthen cooperation in intellectual property rights protection through the cooperation mechanism between relevant government departments.
Government procurement	None	
Competition	None	
Investment	Chapter 5	The Parties will promote trade and investment facilitation through greater transparency, standards conformity and enhanced information exchange.
General exceptions	Article 18	The CEPA and provisions in its Annexes will not affect the Parties' ability to maintain or adopt exceptional measures consistent with the provisions of the WTO Agreements.
Accession	None	
Dispute resolution	Article 19	A Joint Steering Committee (JSC) was set up to, among others, supervise implementation and, interpret the provisions, of the CEPA, and resolve disputes that may arise during implementation. The Parties will resolve any problems arising from the interpretation or implementation of the CEPA through consultation in the spirit of friendship and cooperation. The JSC will make its decisions by consensus.
Relation with other trade agreements	Article 2.2 Article 4	The conclusion, implementation and amendment of the CEPA will be consistent with the provisions of the WTO Agreements. The Parties agree that Articles 15 and 16 of the "Protocol on the Accession of the People's Republic of China to the WTO" and paragraph 242 of the "Report of the Working Party on the Accession

Provision	Relevant Article(s)	Additional Information
	Article 20.1	of China” will not be applicable to trade between the Parties. Any action under the CEPA will not affect or nullify either Party's rights and obligations under other existing agreements to which it is a contracting party, except as otherwise provided in the CEPA.
Institutional provisions	Article 19	A Joint Steering Committee (JSC), which comprise senior representatives or officials designated by the Parties, has been set up. Liaison Offices have been set up under the JSC. Working groups may be set up as the need arises. The JSC's functions are to supervise implementation of the CEPA, interpret its provisions, resolve disputes that may arise from implementation, draft additions and amendments to the CEPA, steer the work of the working groups and deal with any other business relating to implementation. The JSC will meet at least once a year, and may convene special meetings within 30 days upon request by either Party and will make its decisions by consensus.
Others	Article 17 and Annex 6	The Parties will promote cooperation in the following areas : trade and investment promotion; customs clearance facilitation; commodity inspection and quarantine, food safety and quality and standardization; electronic business; transparency in laws and regulations; cooperation of small and medium enterprises; cooperation in Chinese traditional medicine and medical products sector. Details on the areas of cooperation are set out in Annex 6. At the request of either side, the two sides may expand the scope and content of trade and investment facilitation through consultation.

Table 5a: Trade and tariff data (China's imports from Hong Kong, China)

US\$ million

	Imports by value and percent		Imports Covered by the Agreement	
	Total	Share in China's total imports (%)	By value	Percent covered
2001	9,423.0	3.9	..	..
2002	10,741.3	3.6	..	..
2003	11,119.1	2.7	..	..
2004	11,800.0	2.1	150	1.3%

.. not available as the HS code was only created in 2002 arising from a major HS revision exercise of the World Customs Organisation

Source: Customs General Administration of China

Table 5b: Trade and tariff data (Hong Kong, China's imports from China)

US\$ million

	Imports by value		Imports Covered by the Agreement	
	Total	from China	By value	Percent covered
2001	201,076	87,445	..	..
2002	207,644	91,944	..	..
2003	231,876	100,889	..	..
2004	271,074	117,909	117,909	100%

.. not available as the HS code was only created in 2002 arising from a major HS revision exercise of the World Customs Organisation

Source: Census and Statistics Department of Hong Kong, China