

Trade Policy Review of Korea
(First session, 13 October 2021)

Statement of Hong Kong, China

- Thank you, Chair.
- I would like to start by extending a warm welcome to the Korean delegation led by Mr KIM Jeon-gil, Deputy Minister for International Trade and Legal Affairs of the Ministry of Trade, Industry and Energy. I would also like to thank Ambassador Mathias Francke of Chile for sharing with us his insights as discussant, and the Secretariat for the comprehensive reports prepared for this review.
- Hong Kong, China and Korea have long been enjoying strong bilateral trade and economic relations. Last year, Korea was our sixth largest trading partner in merchandise trade in the world. Reciprocally, Hong Kong, China was Korea's sixth largest trading partner and fourth largest export market. Not surprisingly, the world-renowned Korean electronic products topped our import list from Korea.
- Despite the global economic downturn brought about by the COVID-19 pandemic since last year, the total merchandise trade between Hong Kong and Korea recorded an encouraging growth of 8.2% in 2020, with value amounting to more than USD 38 billion. We are also encouraged by the impressive surge of 34.9% year-on-year in bilateral trade in goods in the first half of 2021.
- Both Korea and Hong Kong, China attach great importance to an open, transparent and rules-based multilateral trading system with the WTO at its core. We look forward to working closely with Korea and other WTO Members in making meaningful contribution to the coming MC12.
- Let me now turn to three specific topics in Korea's trade policies.
- First, **tariff**. We appreciate that Korea has bound 90.7% of its tariff lines and over 99% of its tariffs are ad valorem duties. However, we note that the average applied MFN tariff rate, while having decreased from 14.1% in 2016 to 13.9% in 2021, remains relatively high. In addition, the number of items covered by "flexible tariffs" increased from 145 in 2016 to 184 in 2021. We encourage Korea to continue to liberalise its tariff regime by reducing its

average applied MFN tariff rate and peak tariff rates, and moderating its application of “flexible tariffs” as far as possible.

- Turning to **services**, we note that Korea remains a net importer of services and the growing importance of the services sector in Korea’s economy, accounting for 62.3% of GDP and 70% of employment in 2020. Transportation, travel, and other business services are the major traded services. We appreciate Korea’s trade policy objective aiming to build a free and open economy with a view to facilitating free and open trade. We encourage Korea to continue opening up its services market to foreign competition and facilitate foreign investment, especially in respect of services sectors to which foreign-ownership ceilings or restrictions still apply, such as telecommunications services, financial services, postal services and transport services.
- Finally, on **trade facilitation**, Korea has enhanced its Authorised Economic Operator (AEO) Programme in 2017 by allowing electronic clearance for all goods imported by AEO companies. During the reporting period, Korea has signed Mutual Recognition Arrangements with nine economies and now offers its AEO customs clearance facilitation to a total of 22 economies including Hong Kong, China. In addition, Korea has been participating actively in the Committee on Trade Facilitation and shared its experience on single window in October 2018 and AEO programme in October 2019. We welcome Korea’s constructive contribution to enhancing trade facilitation.
- Hong Kong, China always treasures Korea as a valuable trading partner. We look forward to developing stronger bilateral trade and economic relations as well as closer cooperation in the WTO on issues of mutual interests. I wish Korea a successful trade policy review.
- Thank you very much.