

Trade Policy Review of the European Union (First Session on 5 June 2023)

Statement by Hong Kong, China

- I would like to join others by welcoming the delegation of the European Union (the EU) led by Ms Sabine WEYAND, Director-General for Trade of the European Commission. I would also thank Ambassador Pimchanok PITFIELD of Thailand for serving as the discussant and the Secretariat for preparing the comprehensive report.
- The trade and economic relationship between Hong Kong, China (HKC) and the EU has continued to remain strong over the years. In 2022, the EU was HKC's the 3rd largest trading partner, the 9th largest domestic export market, the 2nd largest re-export market, and the 6th largest supplier in merchandise trade. Our bilateral merchandise trade amounted to US\$67 billion in 2022, while bilateral services trade amounted to US\$15 billion in 2021.
- We highly appreciate the EU's unwavering commitment to strengthening the multilateral trading system and its longstanding constructive engagement in WTO's work on all fronts, including participation in the work on WTO response to COVID-19 pandemic and the Joint Statement Initiative on e-commerce. The EU's active role in driving WTO reform is commendable, ensuring the continued relevance of the WTO in our ever-changing global environment. We share the EU's view that having a fully and well-functioning dispute settlement system accessible to all by 2024 is critical and a top priority of the WTO, and HKC would work together with the EU and other Members towards a lasting multilateral solution.
- We have the following observations on the EU' trade policy regime.
- First, we recognise the EU's proactive participation in the Joint Statement Initiative on **Investment Facilitation for Development** (IFD). HKC will continue to work closely with the EU and other like-minded Members to finalise the substantive text negotiation before the summer break and participate in relevant outreach efforts to non-participants in the coming months.
- We commend the EU for its exemplary efforts in **trade facilitation**. The EU not only actively implemented the Agreement on Trade Facilitation itself, but also provided supports to developing and least-developed country Members through grants, technical assistance, and capacity building.

During the review period, the EU introduced customs flexibilities to address pandemic-related challenges and launched initiatives such as the Import One-Stop Shop to simplify procedures. We appreciate the EU's dedication to digitalising customs processes and look forward to the upcoming implementation of its fully automated export procedures and exit formalities by the end of 2023.

- With respect to **tariff**, we appreciate that the EU has bound all of its tariff lines and that the simple average applied rate stands at 6.5%, with a slightly increased number of duty-free lines. However, we note that the proportion of non-*ad valorem* tariffs continue to account for about 10% of all tariff lines, and the agricultural sector continues to maintain high tariff levels and tariff peaks. We would encourage the EU to further liberalise its tariff regime on agricultural products and convert its non-*ad valorem* rates to *ad valorem* rates as far as possible to enhance their predictability.
- On **standards and other technical requirements**, we note that the EU has identified standardisation as a strategic tool for advancing its green, digital, industrial and trade strategies. While appreciating the objectives of these strategies, we would encourage the EU to consider other relevant international initiatives and the concerns of Members to guard against creating unnecessary technical trade barriers.
- Lastly, on **services**, we are pleased to note the gradual relaxation of different restrictions over the years and the consistent improvements in the availability of electronic procedures in the EU. We also appreciate the EU's efforts in trying to resolve the objections raised by some WTO members in the certification procedure for the proposed improvements in Services Domestic Regulation by the JSI participants. We look forward to further facilitation for trade in services within the Single Market and continuation of the close cooperation in multilateral efforts to further liberalise services trade.
- As we navigate the global economic challenges, we look forward to working closely with the EU to strengthen the multilateral trading system and drive WTO reform. Together, we can address pressing issues such as restoring a fully functioning dispute settlement system which is core to the security and predictability of the multilateral trading system. We thank the EU for their answers to our written questions and wish the EU a fruitful and successful trade policy review.

Hong Kong Economic and Trade Office in Geneva
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