

# A BILL

## To

Amend the Trade Descriptions Ordinance to broaden the rules for determining the place of manufacture or production of goods to cater for goods qualified for preferential tariff treatment under regional or international trade agreements or arrangements, and to make minor textual amendments.

Enacted by the Legislative Council.

**1. Short title**

This Ordinance may be cited as the Trade Descriptions (Amendment) Ordinance 2012.

**2. Trade Descriptions Ordinance amended**

The Trade Descriptions Ordinance (Cap. 362) is amended as set out in sections 3 to 8.

**3. Section 2 amended (interpretation)**

(1) Section 2(1)—

**Add in alphabetical order**

“*Secretary* (局長) means the Secretary for Commerce and Economic Development;”.

(2) Section 2(2), Chinese text—

**Repeal paragraph (a)**

**Substitute**

“(a) 就本條例而言——

- (i) 貨品如在某地方經過最後處理或加工，而該項處理或加工對該貨品製造中使用的基本物料的形狀、性質、結構或效用，產生永久和重大的改變，則須當作在該地方製造；或
- (ii) 貨品如整個生長或開採過程在某地方，則須當作在該地方生產。”

(3) Section 2(2)(b)(i), Chinese text—

**Repeal**

“該等貨品製造時所使用的基本物料在形狀、性質、結構及效用上出現永久與重大的改變”

**Substitute**

“該貨品製造中使用的基本物料在形狀、性質、結構及效用上產生永久與重大的改變”。

(4) After section 2(2A)—

**Add**

“(2B) Subsections (2) and (2A) do not apply to specified goods, as defined in section 2A(1), that are covered by section 2A(3).”

**4. Section 2A added**

After section 2—

**Add**

**“2A. Special provisions for place of manufacture or production under certain trade agreements or arrangements**

(1) In this section—

***date of entry into force*** (生效日期), in relation to a trading partner place under a scheduled trade arrangement, means the date specified in column 4 of Schedule 1 corresponding to the place and the arrangement;

***scheduled trade arrangement*** (表列貿易安排) means a regional or international trade agreement or arrangement specified in column 2 of Schedule 1;

***specified goods*** (指明貨品), in relation to a trading partner place under a scheduled trade arrangement, means any goods that are—

- (a) qualified for preferential tariff treatment, as between the place and Hong Kong, under the arrangement; and
- (b) subject to rules, specified in the arrangement, for determining the place of manufacture or production of the goods;

***trading partner place*** (貿易夥伴地), in relation to a scheduled trade arrangement, means a place to which the arrangement is applicable, other than Hong Kong, specified in column 3 of Schedule 1 corresponding to the arrangement.

(2) The rules referred to in paragraph (b) of the definition of ***specified goods*** in subsection (1) (***rules of origin***) may be—

- (a) rules based principally on—
  - (i) the place in which the goods last underwent a treatment or process which changed permanently and substantially the shape, nature, form or utility of the basic materials used in their manufacture; or
  - (ii) the place in which the goods were wholly grown or mined;
- (b) rules based principally on—

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- (i) a maximum percentage of the value of the goods attributable to places other than Hong Kong or a trading partner place under the relevant scheduled trade arrangement; or
  - (ii) a minimum percentage of the value of the goods attributable to Hong Kong or a trading partner place under the relevant scheduled trade arrangement;
  - (c) rules of a kind described in paragraph (a)(i) or (ii) or (b)(i) or (ii) or any combination, with or without modifications; or
  - (d) any other rules.
- (3) In relation to a trading partner place under a scheduled trade arrangement for the time being in force as between the place and Hong Kong, if, on or after the relevant date of entry into force, any specified goods are—
- (a) exported or intended to be exported to the place in accordance with the arrangement; or
  - (b) imported from the place in accordance with the arrangement,
- then the rules of origin for the goods, specified in the arrangement for the time being in force as between the place and Hong Kong, apply for the purpose of determining the place of manufacture or production of the goods under this Ordinance.
- (4) The Secretary may by notice published in the Gazette amend Schedule 1.
- (5) The Director-General of Trade and Industry is to make available at his or her office all scheduled trade arrangements for inspection, free of charge, by the public during normal office hours.”

**5. Section 3 amended (special provisions applicable to goldware)**

(1) Section 3(1), English text—

**Repeal**

“extend”

**Substitute**

“extent”.

(2) Section 3(2)(a)—

**Repeal**

“Schedule 1”

**Substitute**

“Schedule 1A”.

**6. Section 13B amended (if price does not include basic accessories, purchaser to be informed before payment)**

Section 13B(4)—

**Repeal**

“for Commerce and Economic Development”.

**7. Schedule 1 renumbered (table)**

Schedule 1—

**Renumber the Schedule as Schedule 1A.**

**8. Schedule 1 added**

Before Schedule 1A—

**Add**

**“Schedule 1**

[s. 2A]

**Scheduled Trade Arrangements**

Column 1	Column 2	Column 3	Column 4
Item	Trade arrangement	Trading partner place	Date of entry into force
1.	Free Trade Agreement between the EFTA States and Hong Kong, China signed on 21 June 2011	Iceland	A date in accordance with Article 11.8 of the Agreement
		Principality of Liechtenstein	A date in accordance with Article 11.8 of the Agreement
		Kingdom of Norway	A date in accordance with Article 11.8 of the Agreement
		Swiss Confederation	A date in accordance with Article 11.8 of the Agreement
2.	Agreement on Agriculture between Hong Kong, China and Iceland signed on 21 June 2011	Iceland	A date in accordance with Article 9 of the Agreement

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Column 1	Column 2	Column 3	Column 4
Item	Trade arrangement	Trading partner place	Date of entry into force
3.	Agreement on Agriculture between Hong Kong, China and the Kingdom of Norway signed on 21 June 2011	Kingdom of Norway	A date in accordance with Article 9 of the Agreement
4.	Agreement on Agriculture between Hong Kong, China and the Swiss Confederation signed on 21 June 2011	Swiss Confederation Principality of Liechtenstein	A date in accordance with Article 9 of the Agreement A date in accordance with Article 9 of the Agreement”.

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### Explanatory Memorandum

The object of this Bill is to amend the Trade Descriptions Ordinance (Cap. 362) (*principal Ordinance*) to broaden the rules for determining the place of manufacture or production of goods to cater for goods qualified for preferential tariff treatment under regional or international trade agreements or arrangements.

2. Clause 1 sets out the short title.
3. Clause 3 amends section 2 of the principal Ordinance to add a new definition of *Secretary* and to add a new subsection (2B) to provide that certain goods are subject to different rules of origin. It also improves the Chinese text of section 2(2) of the principal Ordinance.
4. Clause 4 adds a new section 2A to the principal Ordinance, which contains special provisions on rules of origin in relation to goods qualified for preferential tariff treatment under regional or international trade agreements or arrangements.
5. Clauses 5 and 6 make minor amendments to sections 3 and 13B of the principal Ordinance.
6. Clause 7 renumbers the existing Schedule 1 to the principal Ordinance and clause 8 adds a new Schedule 1 to specify the relevant regional or international trade agreements or arrangements. The new Schedule 1 may be amended by the Secretary for Commerce and Economic Development by notice published in the Gazette.