

## LEGISLATIVE COUNCIL BRIEF

Trade Descriptions Ordinance  
(Chapter 362)

### **Trade Descriptions Ordinance (Amendment of Schedule 1) Notice 2018**

#### INTRODUCTION

Annex The Secretary for Commerce and Economic Development (“SCED”) has made the Trade Descriptions Ordinance (Amendment of Schedule 1) Notice 2018 (“the Notice”) (at Annex) to add the Free Trade Agreement (“FTA”) between Hong Kong, China (“HKC”) and the Association of Southeast Asian Nations<sup>1</sup> (“ASEAN”) to the list of scheduled trade arrangements in Schedule 1 to the Trade Descriptions Ordinance (Cap. 362) (“TDO”).

#### BACKGROUND AND JUSTIFICATIONS

2. The TDO regulates, amongst other things, the trade descriptions of goods including the place of manufacture or production of the goods. Section 2(2)(a) of the TDO stipulates that, for the purposes of the Ordinance, goods shall be deemed to have been manufactured in the place in which they 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 produced in the place in which they were wholly grown or mined.

3. Schedule 1 to the TDO specifies certain regional or international trade agreements or arrangements entered into between HKC and its trading partners (“scheduled trade arrangements”). According to section 2A(3) of the TDO, the rules of origin set out in the scheduled trade arrangements apply to the specified goods covered by

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<sup>1</sup> ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.

such trade arrangements for the purpose of determining the place of manufacture or production of the goods. Pursuant to section 2(2B) of the TDO, the provisions under section 2(2)(a) will not apply to the specified goods that are covered by section 2A(3).

4. Under the FTA between HKC and ASEAN, a set of preferential rules of origin has been formulated under which preferential tariff treatment is accorded to goods of Hong Kong origin. As foreshadowed in the Legislative Council Briefs dated 9 September 2017 and 12 November 2017 and the paper for the meeting of the Panel on Commerce and Industry on 19 December 2017 on the FTA, to enable Hong Kong traders to apply the preferential rules of origin specified under the FTA, SCED will add the FTA to Schedule 1 to the TDO by notice published in Gazette.

## **THE NOTICE**

5. The Notice adds the FTA between HKC and ASEAN dated 28 March 2018<sup>2</sup> to the list of scheduled trade arrangements in Schedule 1 to the TDO.

## **LEGISLATIVE TIMETABLE**

6. The Notice will be gazetted on 27 April 2018 and will be tabled at the Legislative Council for negative vetting on 2 May 2018. The Notice will come into force on 1 July 2018. The FTA between HKC and ASEAN is expected to come into force on 1 January 2019 the earliest, subject to completion of the necessary procedures.

## **IMPLICATIONS OF THE PROPOSAL**

7. The making of the Notice is in conformity with the Basic Law, including the provisions concerning human rights. The Notice will not affect the binding effect of the TDO.

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<sup>2</sup> The signing ceremony of the FTA was held on 12 November 2017 in the Philippines. 28 March 2018 is the official date of the FTA by which all 11 signatories have completed their internal procedures for signing the FTA.

## **PUBLICITY**

8. The Trade and Industry Department (TID) has uploaded the text of the FTA onto TID's designated webpage, published leaflets and organised a series of seminars to provide information on the FTA, including preferential rules of origin, to the trade and the public. Detailed information on application of the preferential rules of origin under the FTA will be available through trade circulars and our general advisory service. A dedicated enquiry point is also available to provide advice on the subject.

## **ENQUIRIES**

9. Any enquiry on this brief can be addressed to Ms Winnie Sheh, Principal Trade Officer of TID, at 3403 6250.

Commerce and Economic Development Bureau  
Trade and Industry Department  
April 2018

## Trade Descriptions Ordinance (Amendment of Schedule 1) Notice 2018

(Made by the Secretary for Commerce and Economic Development under section 2A(4) of the Trade Descriptions Ordinance (Cap. 362))

### 1. Commencement

This Notice comes into operation on 1 July 2018.

### 2. Trade Descriptions Ordinance amended

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

### 3. Schedule 1 amended (scheduled trade arrangements)

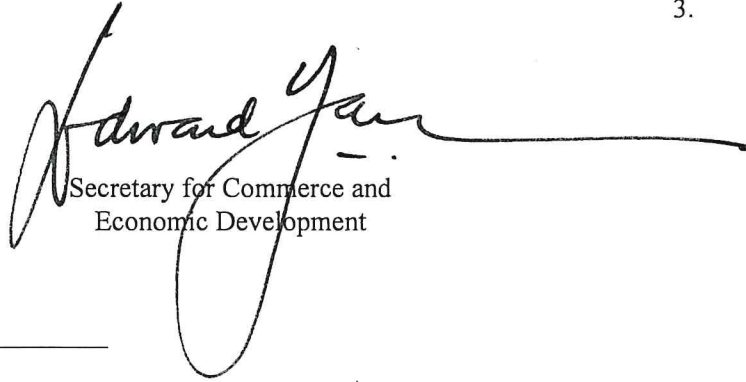
Schedule 1—

#### Add

|   |                     |  |
|---|---------------------|--|
| “6. ASEAN – Hong Kong, China Free Trade Agreement signed on 28 March 2018 | Brunei Darussalam   | A date in accordance with Article 4 of Chapter 14 of the Agreement |
|   | Kingdom of Cambodia | A date in accordance with Article 4 of Chapter 14 of the Agreement |

|                                  |  |
|----------------------------------|--|
| Republic of Indonesia            | A date in accordance with Article 4 of Chapter 14 of the Agreement |
| Lao People’s Democratic Republic | A date in accordance with Article 4 of Chapter 14 of the Agreement |
| Malaysia                         | A date in accordance with Article 4 of Chapter 14 of the Agreement |
| Republic of the Union of Myanmar | A date in accordance with Article 4 of Chapter 14 of the Agreement |
| Republic of the Philippines      | A date in accordance with Article 4 of Chapter 14 of the Agreement |
| Republic of Singapore            | A date in accordance with Article 4 of Chapter 14 of the Agreement |

|                                |  |
|--------------------------------|--|
| Kingdom of Thailand            | A date in accordance with Article 4 of Chapter 14 of the Agreement   |
| Socialist Republic of Viet Nam | A date in accordance with Article 4 of Chapter 14 of the Agreement”. |



Secretary for Commerce and Economic Development

19 April 2018

**Explanatory Note**

Schedule 1 to the Trade Descriptions Ordinance (Cap. 362) specifies certain regional or international trade agreements or arrangements. An agreement or arrangement so specified is a *scheduled trade arrangement* for the purpose of section 2A of the Ordinance.

2. Under section 2A(3) of the Ordinance, the rules of origin for goods qualified for preferential tariff treatment under a scheduled trade arrangement apply for the purpose of determining the place of manufacture or production of those goods.
3. This Notice amends that Schedule to add the free trade agreement between Hong Kong and the Association of Southeast Asian Nations (ASEAN) signed on 28 March 2018, so that section 2A(3) applies.