



Australian Government

Department of Foreign Affairs and Trade

Mr Jason Lange
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Dear Mr Lange

**Certification of independent review or other similar mechanism: Australia-Hong Kong
Free Trade Agreement and Investment Agreement**

The Australia-Hong Kong Free Trade Agreement (A-HKFTA) and associated Investment Agreement will be signed in Sydney on 26 March 2019. In consultation with the Office of Best Practice Regulation (OBPR), the Department of Foreign Affairs and Trade prepared a Regulatory Impact Statement before the commencement of negotiations on 16 May 2017. As part of the Department's efforts to implement and ratify the A-HKFTA in line with Australia's domestic treaty-making process, it is expected that the treaty text will be tabled in Parliament shortly after the signing, along with supporting documents including the attached Analysis of Regulatory Impact on Australia (ARIA).

Accordingly, I am writing to certify that the attached ARIA prepared for the A-HKFTA is equivalent to a Regulation Impact Statement (RIS), and has adequately addressed all seven RIS questions as detailed below.

Question 1: What is the policy problem you are trying to solve?

Part 2 of the ARIA sets out the importance of Australia's trade and investment relationship with Hong Kong and the risks posed by the current lack of legally binding guarantees relating to that relationship, and the outdated nature of the current investment agreement.

Question 2: Why is government action needed?

Part 3 of the ARIA identifies the objectives for concluding the A-HKFTA and Investment Agreement, explaining that the most viable option available to achieve these objectives was the negotiation of a bilateral FTA and investment agreement with Hong Kong.

Question 3: What policy options are you considering?

Part 4 of the ARIA outlines the different ways the government could address the risks to the Hong Kong trade and investment relationship, including the status quo (i.e. no government action), regional trade negotiations, and multi- and plurilateral negotiations.

Question 4: What is the likely net benefit of each option?

The risks and opportunities associated with each option are addressed in parts 4 and 5 of the ARIA. The major risk of each alternative option is that comprehensive outcomes across goods, services and investment that respond to contemporary challenges facing Australian business would not be delivered in a timely way.

Question 5: Who will you consult and how will you consult them?

Part 6 of the ARIA details stakeholder consultations, which have been ongoing since negotiations began in 2017.

Question 6: What is the best option from those you have considered?

Part 7 of the ARIA addresses this question. A bilateral FTA and linked Investment Agreement with Hong Kong stand the best chance of delivering comprehensive outcomes in a timely way, across goods, services and investment that respond to contemporary challenges facing Australian business.

Question 7: How will you implement and evaluate your chosen option?

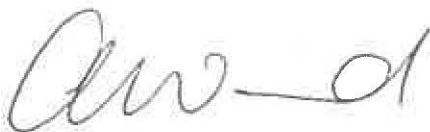
Part 8 of the ARIA explains the minimal changes to Australian legislation required to implement the A-HKFTA and Investment Agreement, the process for entry into force following the completion of each Party's respective domestic processes, and the review processes included in the treaties.

Regulatory Burden and Cost Offset

The A-HKFTA and Investment Agreement do not impose an additional regulatory burden on Australian businesses. I note OBPR has agreed that compliance costs are likely to be under \$2 million dollars per year and can be self-assessed. We have assessed that there would be no regulatory impact for Australian exporters and minor, if any, compliance costs for some importers as a result of the A-HKFTA.

In light of the above, I am satisfied that the attached ARIA meets best practice consistent with the *Australian Government Guide to Regulation*.

Yours sincerely



Elizabeth Ward
Chief Negotiator
Regional Trade Agreements Division
21 March 2019