

29 March 2010

The Hon Mrs Rita Lau
Secretary for Commerce and Economic Development
Hong Kong, China

Dear Secretary

I have the honour to refer to the signature on this date of the *New Zealand – Hong Kong, China Closer Economic Partnership Agreement* (“the CEP”). I have the further honour to refer to the following understandings reached by the Governments of New Zealand and Hong Kong, China during the CEP negotiations.

Notwithstanding the non-application of Article 12 (Most Favoured Nation Treatment) of Chapter 13 (Trade in Services) to any measure that Hong Kong, China adopts or maintains in respect of legal services and energy services subsectors (“Services Subsectors”), as inscribed in II-HKC-2 and II-HKC-7 of Hong Kong, China's Schedule to Annex II of Chapter 13 (Trade in Services) of the CEP, Hong Kong, China will, promptly, positively consider according to services and service suppliers of New Zealand, in respect of the supply of a service through Modes 1 to 3 of the Services Subsectors, treatment no less favourable than that it accords, in like circumstances, to services and service suppliers of a non-Party, including pursuant to any free trade agreement signed by Hong Kong, China after the date of entry into force of the CEP. This consideration will take due account of its laws and policies.

For greater certainty, such free trade agreements do not include free trade agreements signed prior to the date of entry into force of the CEP together with all their subsequent amendments.

If the above is acceptable to the Government of Hong Kong, China, I have the honour to propose that this letter and your letter of confirmation in reply to that effect will constitute an arrangement between our two Governments, which will enter into effect on the date on which the CEP enters into force.

Yours sincerely

The Hon Tim Groser
Minister of Trade
New Zealand

[Date]

The Hon Tim Groser
Minister of Trade
New Zealand

Dear Minister

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

"I have the honour to refer to the signature on this date of the New Zealand – Hong Kong, China Closer Economic Partnership Agreement ("the CEP"). I have the further honour to refer to the following understandings reached by the Governments of New Zealand and Hong Kong, China during the CEP negotiations.

Notwithstanding the non-application of Article 12 (Most Favoured Nation Treatment) of Chapter 13 (Trade in Services) to any measure that Hong Kong, China adopts or maintains in respect of legal services and energy services subsectors ("Services Subsectors"), as inscribed in II-HKC-2 and II-HKC-7 of Hong Kong, China's Schedule to Annex II of Chapter 13 (Trade in Services) of the CEP, Hong Kong, China will, promptly, positively consider according to services and service suppliers of New Zealand, in respect of the supply of a service through Modes 1 to 3 of the Services Subsectors, treatment no less favourable than that it accords, in like circumstances, to services and service suppliers of a non-Party, including pursuant to any free trade agreement signed by Hong Kong, China after the date of entry into force of the CEP. This consideration will take due account of its laws and policies.

For greater certainty, such free trade agreements do not include free trade agreements signed prior to the date of entry into force of the CEP together with all their subsequent amendments.

If the above is acceptable to the Government of Hong Kong, China, I have the honour to propose that this letter and your letter of confirmation in reply to that effect will constitute an arrangement between our two Governments, which will enter into effect on the date on which the CEP enters into force."

I have the further honour to confirm that the above reflects the understandings reached by the Governments of Hong Kong, China and New Zealand during the CEP negotiations and that your letter and this letter in reply will constitute an arrangement between our two Governments, which will enter into effect on the date on which the CEP enters into force.

Yours sincerely

The Hon Mrs Rita Lau
Secretary for Commerce and Economic Development
Hong Kong, China