Hong Kong Looks to Extend Fast-Track Customs Pacts to BRI Partners

Mutual Recognition Arrangements to be nurtured among BRI nations, with Indonesia currently number-one priority.

With Israel and Canada the latest countries to sign up to Mutual Recognition Arrangements (MRAs) with Hong Kong with regard to Authorised Economic Operators (AEOs), the focus has now switched to putting similar arrangements in place with many of the countries along the proposed routes of the Belt and Road Initiative (BRI). As the first stage of this, a Joint Action Plan has been agreed with Indonesia, which is expected to lead to a formal MRA in due course.

Under the terms of MRAs, AEOs – exporters / importers granted special trusted status by the relevant customs authorities – enjoy various privileges when moving goods in or out of any jurisdiction with a reciprocal arrangement. Typically, this includes accelerated clearance time and a less rigorous inspection regime. In line with this, inspection processing time for AEO cargoes is generally 80% faster than that for standard consignments.

With the signing of the Israel and Canada agreements, Hong Kong now has 11 in place. The nine previously implemented arrangements relate to many of Hong Kong's most significant trading partners – mainland China, India, South Korea, Singapore, Thailand, Malaysia, Japan, Australia and New Zealand.
In terms of the new agreements, Israeli exports to Hong Kong totalled US$557 million last year, a slight decrease on the $606 million recorded for 2017 and 2016’s figure of $632 million. The bulk of such exports were made up of precious stones / metals and electronics equipment.

For its part, Hong Kong's 2018 exports to Israel totalled $710 million, having dropped from $827 million in 2017. Again, the bulk of this trade was made up of precious stones / metals and electronics equipment.

Canada's 2018 exports to Hong Kong were valued at $3.01 billion. Although precious stones / metals and electronics items accounted for the largest share of imports, meat / meat products were not ranked far behind. For the same period, Hong Kong's exports to Canada totalled $2.36 billion, with the lion's share taken by electronics items, machinery and clothing.

Speaking after the new agreements were announced, a spokesman for Hong Kong's Customs and Excise Department – the government body that oversaw the negotiations – said: "Hong Kong has long been a staunch supporter of the AEO concept, as promulgated by the World Customs Organization, and has been keen on extending its MRA network to other economies. The signing of MRAs with Israel and Canada fully demonstrates the three customs administrations' commitment to upholding international cargo security while facilitating cross-boundary cargo movement.

"Under the terms of these newly signed MRAs, accredited Hong Kong traders will be in a still stronger position when it comes to servicing the markets in question thanks to their AEO status. We will now continue to keep track of AEO developments across the world, while taking active steps to sign MRAs with a number of other customs administrations, particularly those representing BRI-related countries or regions."

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