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Editor’s Note:

Upon signing the Supplement III to CEPA, 24 new goods of Macau Origins can enjoy zero-tariffs on exportation to China starting from 1st July, 2006, and market access conditions into China for various service sectors have also been further relaxed. These enable Macao enterprises to further enhance their comparative advantages and to utilize the favorable business conditions to develop in the Mainland. With the signing of CEPA entering into its 3rd anniversary, Mr. Jia Qinglin, Chairman of the Chinese People’s Political Consultative Conference (CPPCC), when attending the celebration ceremony in Hong Kong, urged both Hong Kong and Macao “to focus on the economy and to join efforts in development”. He stated that the governments of the two Special Administrative Regions, as well as businesses from all sectors, should review their experiences and problems concerning CEPA in an candid manner and make good use of the opportunities provided. He also emphasized that the Central Government will always be the strong pillars supporting the prosperity and stability of both Hong Kong and Macao.

- 1. The Supplement III to CEPA continuously promotes economic and trade cooperation between the Mainland and Macao.**

Under the witness of Ms. Florinda da Rosa Silva Chan, Secretary for Administration and Justice of the SAR, Mr. Zhou Bo, Deputy Minister of the Hong Kong and Macao Affairs Office of the State Council of the PRC, Mr. Wan Yongxiang, Commissioner of the Ministry of Foreign Affairs of the People’s Republic of China in the Macao SAR, Mr. He Xiaowei, Deputy Director of the Liaison Office of the Central People’s Government in the Macao SAR, and Mr. Choi Lai Hang, Director-General of the Macao Customs Service, the legal text of Supplement III to CEPA was signed by Mr. Liao Xiaoqi, Vice-Minister of Commerce of the People’s Republic of China, and Mr. Francis Tam Pak Yuen, Secretary for the Economy and Finance of the MSAR, on behalf of the Mainland and Macao respectively. In addition, Mr. Liu Wenjie, Deputy Minister of The General Administration of Customs of the the People’s Republic of China and Mr. Francis Tam Pak Yuen signed the “Confirmation Document of the Rules of Origins for the Goods Subject to Zero Tariff under CEPA for the first half of 2006”.

In accordance with the Confirmation Document of the Rules of Origin, 24 new goods of Macao origin will enjoy zero-tariff upon exportation to the Mainland from 1st July, 2006, amounting to a total of 625 Macao products confirmed as complying with the Rules of Origin under CEPA. According to Supplement III to CEPA, the Mainland currently maintains 26 service sectors open to Macao Service Suppliers. However, from 1st January, 2007, China will further liberalize the entry requirements in the sectors of legal services, construction, convention and exhibition, audiovisual, distribution, tourism and transportation, as well as for individually owned stores. On the front of Trade and



Photo: Mr. Liao Xiaoqi, Deputy Minister of Commerce of PRC, and Mr. Francis Tam Pak Yuen, Secretary of Economy and Finance of MSAR, exchanged the legal texts of the Supplement III to CEPA. (Courtesy photo from the Government Information Bureau)



Photo: Mr. Liu Wenjie, Deputy Minister of The General Administration of Customs of the the People’s Republic of China, and Mr. Francis Tam Pak Yuen, Secretary for the Economy and Finance of MSAR, signed the Confirmation Document of the Rules of Origin for the Goods subject to Zero Tariff under CEPA for the first half of 2006. (Courtesy photo from the Government Information Bureau)

Investment Facilitation, in order to promote economic development and exchanges, as well as economic and trade cooperation between China and Macao, protection of intellectual property rights has been added as a new area for cooperation alongside the original 7 areas, namely Trade and Investment Promotion, Customs Clearance Facilitation, Inspection of Goods, Commodity Inspection, Inspection and Quarantine of Animals and Plants, Food Safety, Sanitary Inspection and Quarantine, Certification, Accreditation and Standardization Management, Electronic Commerce, Transparency in Laws and Regulations, Cooperation between Small and Medium-sized Enterprises and Industrial Cooperation. Moreover, cooperation in the Convention and Exhibition industry was included under Industrial Cooperation so as to support and synchronize with the policy of moderate

diversification of Macao's industrial structure.

The service sectors further opened up are summarized as the follows:

Sector	Commitments of Supplement III to CEPA
Legal Services	<ul style="list-style-type: none"> ● There will be no requirement on the number of full-time lawyers employed by Mainland law firms that operate in association with Macao law firms (offices). ● There will be no residency requirements on the Mainland for representatives stationed in representative offices of Macao law firms on the Mainland. ● Macao residents who have acquired Mainland lawyer or legal qualifications can engage in activities as agents in marriage and inheritance cases. ● Macao lawyers can act as agents in civil litigation cases on the Mainland in the capacity of citizens.
Construction	<ul style="list-style-type: none"> ● Macao service Suppliers can set-up wholly owned construction engineering cost consulting enterprises on the Mainland. Regarding the application for qualification, when setting up construction engineering cost consulting enterprises on the Mainland, the performance of the Macao Service Suppliers in both Macao and the Mainland is taken into account in assessing the qualifications of the enterprises.
Convention & Exhibition Services	<ul style="list-style-type: none"> ● Macao Service Suppliers can set up wholly-owned, equity joint venture or contractual joint venture enterprises on the Mainland to provide services for organizing outbound exhibitions in Macao and Hong Kong.
Audiovisual services	<ul style="list-style-type: none"> ● The State Administration of Radio, Film and Television will delegate to the provincial radio, film and television administration the authority of examining the finished tapes of Mainland domestically-produced television dramas produced by the production organizations under the provinces, autonomous regions or municipalities and participated by artistes or production crew from Macao.
Distribution Services	<ul style="list-style-type: none"> ● For any Macao service supplier which opens more than 30 stores on the Mainland, if the commodities for sale include books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, chemical fertilizers, staple foods, vegetable oil, edible sugar and cotton and the above commodities are of different brands and come from different suppliers, the Macao service supplier is allowed to become the controlling shareholder, with the proportion of capital contribution not exceeding 65%.
Travel Agency	<ul style="list-style-type: none"> ● Macao travel agencies set up as a wholly-owned or joint venture in Guangdong Province can apply on a pilot basis for providing group tours to Macao for the residents of Guangdong Province (residents registered with permanent residence in the Guangdong Province)
Air Transport Services	<ul style="list-style-type: none"> ● Macao Service Suppliers can set-up wholly-owned air transport sales agencies on the Mainland. The registered capital requirement will be the same as that for Mainland enterprises.

Road Transport Services	<ul style="list-style-type: none"> ● Macao Service Suppliers can set up wholly-owned enterprises on the Mainland to provide road transport related services including road freight transport depots and workshops for the repair of motor vehicles and motorcycles.
Individually Owned Stores	<ul style="list-style-type: none"> ● Five industries are added into the business categories: cultivation, animal husbandry, aquaculture, computer repair services, technology exchange and promotion services.

For the legal text concerning further liberalization measures, please visit the following website:
<http://www.economia.gov.mo>

2. The ceremony celebrating the third anniversary of the signing of CEPA was held in Hong Kong

The Ministry of Commerce of the PRC and the Hong Kong Special Administrative Region jointly held the “Mainland, Hong Kong and Macao Trade and Economic Cooperation and Development Forum” at the Hong Kong Convention and Exhibition Centre on 29th June to commemorate the 3rd Anniversary of the signing of CEPA between the Mainland, Hong Kong and Macao. Mr. Jia Qinglin, Chairman of the Chinese People’s Political Consultative Conference of the People’s Republic of China, was invited as an officiating guest in the opening ceremony of the forum and delivered a keynote speech. Also, Mr. Bo Xilai, Minister of Commerce of the PRC, Mr. Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region, and Mr. Edmund Ho Hau Wah, Chief Executive of the Macao Special Administrative Region, were also invited to address the Forum. Besides the representatives from various industries in Hong Kong and the Mainland, a delegation of 120 persons consisting of officials from different government departments, representatives of chambers of commerce, and entrepreneurs from the MSAR attended the Forum and the CEPA Photo Exhibition.



Officiating Guests of the “Mainland, Hong Kong and Macao Trade and Economic Cooperation and Development Forum” (Courtesy photo from the Government Information Bureau).

In his speech, Mr. Jia Qinglin pointed out that the signing and implementing of CEPA helped speed up economic integration in the region and promoted complementary and mutually beneficial economic advantages for the Mainland, Hong Kong and Macao. CEPA serves as a two-way platform and a powerful locomotive in deepening economic and trade cooperation between the Mainland and Hong Kong/Macao. At the same time, CEPA also brought about positive effects of further liberalization and amelioration of economic structure to the Mainland. Mr. Edmund Ho Hau Wah stated that the continuous enrichment and improvement of CEPA provide rooms and opportunities for economic integration and mutually beneficial development between the Mainland and Macao. It also lays down the foundation and conditions for

moderate diversification of Macao’s economic structure and its continuous development. In addition, the State Council of the PRC has officially approved the opening of a 24-hour dedicated highway checkpoint for passengers and freight in the Macao-Zhuhai cross-border industrial zone, reflecting the immense support given by the Central government towards the Macao-Zhuhai cross border industrial zone.

The Forum consisted of two sessions, namely the “Regional Economic Cooperation and Development Trends in the Financial, Tourism and Logistics Sectors” and “Prospects of Cooperation among Guangdong, Hong Kong and Macao under CEPA”. The speakers mainly included senior officials from the Central People’s Government and business leaders from Guangdong, Hong Kong and Macao. Mr. Ho Iat-Seng, Vice-President of the Macao Chamber of Commerce, delivered a keynote speech during the second part of the forum.

3. The Second Forum on “Intellectual Property Rights in the Pan Pearl River Delta Region” and the Third Joint Conference on “Co-operation on Intellectual Property Rights in the Pan Pearl River Delta Region” were held in Kunming City

The Bureau of Intellectual Property Rights of Yunnan Province held the Second Forum on “Intellectual Property Rights in the Pan-Pearl River Delta Region” as well as the Third Joint Conference on “Co-operation on Intellectual Property Rights in the Pan-Pearl River Delta Region” in Kunming City, Yunnan Province on 5th June. The delegation of the Macao Special Administrative Region attending the forum and conference included representatives from the Macao Economic Services as well as the Macao Customs Services.



Representatives of the Macao Customs and Macao Economic Services attended the “Forum on Intellectual Property Rights Protection in the Pan Pearl River Delta Region”.

Representing Macao SAR in the meeting, Mr. Tai Kin Ip, Acting Deputy Director of the Macao Economic Services stated that since the signing of the “Pan-Pearl River Delta Intellectual Property Cooperation Agreement” among Macao SAR and other PPRD members, the “9 + 2” provinces/districts have engaged in cooperation in the areas of policy discussion, promotion and training, agency and information services, protection of intellectual property rights, transfer of patent technology and industrialization, all of which strengthened the overall regional competency and competitiveness and was productive in improving the management standards of

intellectual property rights in the PPRD. In order to fully implement the “Cooperation Agreement”, the Macao SAR will step up its efforts to integrate the human resources in the field of intellectual property rights in the region. Macau will also strive to realize the cooperation on training and personnel exchanges,

to create an enabling environment for regional intellectual property rights cooperation, to broaden the potential for protection and exchange on intellectual property rights in the region, and to enhance research and cooperation regarding traditional knowledge and relevant information. Furthermore, Macao will continue to actively participate and coordinate intellectual property rights protection activities within the Pan Pearl River-Delta Region, as well as to support researches in specific areas in the region.

4. Officials from the Ministry of Construction of the People’s Republic of China held an explanatory session on the “Construction Sectors in the Mainland and Macao under CEPA”

The Ministry of Construction, the Ministry of Commerce of the PRC, the Macao Economic Services and the Land, Public Works and Transport Bureau of MSAR jointly held an explanatory session on the “Construction Sectors in the Mainland and Macao under CEPA” on 12th June in order to allow Macao construction enterprises to have a better understanding on relevant legislation pertaining to construction engineering and the market in China, and to encourage Macao industries to take advantage of CEPA for entry into the Mainland market.

During the session, Mr. Zheng Lizhong, Deputy Director-General of the Ministry of Construction of the PRC, leading officials from relevant departments of the Ministry, including standards and quotas on construction, human resources and education, market management, city planning, housing and real estate, etc., gave explanations on the areas of architectural design, engineering, integrated engineering, urban planning, real estate, construction and related engineering services, construction project cost consultancy, as well as certifications and mutual recognition of professional qualification. Furthermore, Mr. Sun Tong, Head of the Policy Bureau of the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce of the People’s Republic of China, reviewed the achievements attained since the implementation of CEPA and encouraged industries in Macao to make most of the advantages provided by CEPA to develop their business in the Mainland.



Mainland officials attending the meeting took photos with the Deputy Director of Macao Economic Services.

5. Macao Economic Services held a conference on the “Development of the Guangdong Logistics Industry and Related Policies”

Invited by Macao Economic Services, Officials from the Economic & Trade Commission of Guangdong

Province came to Macao to attend the seminar on the “Development of the Guangdong Logistics industry and Related Policies”, which were jointly held by the Commission and Macao Economic Services at the Macao Chamber of Commerce on 29th May. During the Seminar, Guangdong officials introduced the latest developments of the relevant policies governing the logistics sector in the Mainland. From 31st March this year, the number of Mainland provinces and cities engaging in logistics service on a pilot basis was increased from 8 provinces to the whole country. Three restrictions were also relaxed, including the original requirements on a minimum registered capital of USD5,000,000; the 50% ceiling on shares held by foreign investors; as well as the requirement that foreign investors must have a good business performance and higher qualifications in the logistics sector. At the same time, they also introduced reforms in regional customs clearance procedures. In the future, simplified procedures, which are called “3+1” system, will be applied when changing customs clearance checkpoint. The system embodies the



Mainland officials gave detailed explanations on the situation of the logistics industry in Guangdong during the conference.

integrated implementation of the “clearance system” in which the products/goods are declared in the original territory and later inspected at the departure checkpoint, the “rapid cross-border customs clearance system” between Guangdong, Hong Kong/Macao, and the “virtual documents examination system” across the country. They also discussed the latest developments in the Guangdong logistics sector and analysed with Macao operators the effects of cooperation in the logistics sector between Guangdong and Macao on the economic development in the two places.

6. Public Registration for the China National Judicial Examination is now underway

In accordance with the announcement made by the National Judicial Examination Office of the Ministry of Justice of the People’s Republic of China on 2nd June 2006, qualified Macao SAR residents may enroll from 5th to 20th July this year in the 2006 National Judicial Examination at the Macao Legal Affairs Bureau.

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Office Hours: Monday to Friday: 9:00-17:30, Saturday: 9:00-12:00.

For further details, please visit the following websites:

Macao Legal Affairs Bureau:

<http://www.dsaj.gov.mo/MainFrame.aspx?lang=zh-TW>

Ministry of Justice of the People’s Republic of China:

http://www.legalinfo.gov.cn/misc/2006-06/02/content_327449.htm