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Editor’s notes

CEPA Newsletters has been published for more than a year. During the period, the number of subscribers has been constantly increasing, and the information provided in the Newsletter has received positive responses from the local community. In the future, we will endeavor to garner more information and updates of activities about CEPA to share with all the readers.

CEPA has come into effect for about one year; the economic and trade cooperation between the Mainland and Macao has come to a new level with institutionalized and all-round cooperation. In addition, with the completion of the Cross-border Industrial Zone and the joint development of Hengqin Island, it is believed that under the framework of CEPA, the economic and trade cooperation between the two places in the future will showcase an innovative collaboration mechanism resulting in further development on both sides. We wish that in the coming year all Macao manufacturers and service suppliers could have ample rooms for development by taking advantages of the business opportunities brought about by CEPA.

1. The Signing of Supplement to CEPA broadens and enriches the scopes of liberalization

The implementation of “the Mainland and Macau Closer Economic Partnership Arrangement” (also known as "CEPA") has played a significant role in promoting the

economic and trade development in the Mainland and Macao. Based on the open-ended nature of CEPA, the Government of the Macao SAR engaged in



Mr. An Ming, the Vice Minister of Commerce of the People's Republic of China and Mr. Francis Tam Pak Yuen, the Secretary for Economy and Finance of Macau S.A.R., represented China and Macau respectively in signing the Supplement to CEPA. (Courtesy photo from the Government Information Bureau)

consultations on broadening the scopes of CEPA in July. After four rounds of senior official meetings, the Supplement to CEPA was signed on 29th October in Macao.

The content of Supplement to CEPA covers trade in goods and trade in services:

Trade in Goods: the Mainland has agreed upon the application of zero tariffs on a second batch of 190 goods of Macao origin under trade in goods, which include:

- 124 products already produced in Macao can enjoy the zero tariffs benefit from 1st January 2005, provided that they comply with the CEPA 'Rules of origin'.
- 66 products that are planned for production, after being put into production by the applicant companies and approved by the Macao Economic Services and the Ministry of Commerce of the PRC, can be exported to China with zero tariffs.

Trade in Services: the Mainland expands 11 of the 18 already liberalized service sectors in the first phase of CEPA. Furthermore, entry requirements and shareholding ratios have also been relaxed. For the 8 newly opened service sectors, the Mainland has included commitments that its has not committed to the WTO for Macao Service Suppliers. Moreover, the number of geographic locations and the scopes of businesses in which individually owned stores can be established and operated in the Mainland have been increased, so that Macao SMEs can benefit more from the expansion.

190 additional products with zero-tariffs	
Food and beverages, chemical products, photographic and developing products, textiles and clothing, leather and its products, stone materials and stone products, metallic products, electrical and electronic products and others (e.g. brooms, typing machines or ribbons, etc.)	
Broadening and deepening the scopes of liberalization of Trade in Service	
Sectors with broadened liberalization measures	Sectors with new liberalization measures

<ul style="list-style-type: none"> ● legal services ● accounting, auditing and book-keeping services ● medical and dental services ● audio-visual services ● construction and related engineering services ● distribution services ● banking services ● securities and futures services ● transport services ● freight forwarding agency services ● individually owned stores 	<ul style="list-style-type: none"> ● airport management services ● IT services ● cultural and entertainment services ● trademark agency services ● patent agency services ● job referral services ● job intermediary services ● qualification examinations for professionals and technicians
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Main content of preferential treatment in trade in services under Supplement to CEPA	
Eligibility requirements for professional services are now more flexible.	When providing legal, accounting and medical services, the requirements for obtaining the respective licenses and the recognition of qualifications have been made more flexible.
Priority over foreign investments in establishing wholly-owned enterprises in China	Audio-visual services, vehicle distribution services, cultural and entertainment services such as internet business services, maritime transport services (shipping agency services and material supply services), airport management services, and road passenger transport services
Shareholding restrictions have been relaxed.	<ul style="list-style-type: none"> ● The shareholding ratio limit for securities and futures service enterprises can be 49%. ● The shareholding ratio for job intermediary enterprises has been raised to 70%.
Entry requirements have been lowered.	<ul style="list-style-type: none"> ● The minimum required registered capital for establishing a job referral agency or job intermediary enterprise has been reduced from US\$300,000 to US\$125,000; ● The requirements of average annual sales of US\$100 million, asset value of US\$10 million and registered capital of RMB \$10 million have been waived for vehicle

	distribution enterprises.
Sectors that were not included in the Mainland's commitments to WTO have been liberalized to Macao Service Suppliers.	Job referral and job intermediary services, airport management services, individually-owned stores, trademark and patent agencies;
Qualification Examinations for Professionals and Technicians	More than 30 types of professional and technical examinations are available for Macao residents.
Expand the Liberalization of the operation of Individually owned stores	<ul style="list-style-type: none"> ● Cancelled geographical restrictions; companies can be set up in all provinces, autonomous regions and municipalities in China. ● Scopes of businesses allowed will also be expanded from commercial services to retail services, food and beverage services, hairdressing, beauty and health care services, bathing services, and repair services for home electrical appliances and other daily goods.

For details concerning the Supplement to CEPA, please visit the website of the Macao Economic Services at http://www.economia.gov.mo/page/cepa_c.htm

2. Guangdong and Macao officials held the Joint Cooperation Conference in Guangzhou exploring further cooperation under the framework of CEPA



Mr. Edmund Ho Hau Wah, the Chief Executive of Macau SAR, led the Macao delegation to participate in the “Guangdong-Macao Joint Cooperation Conference” in Guangzhou.

Mr. Huang Hua Hua, the Governor of Guangdong Province, and Mr. Edmund Ho Hau Wah, the Chief Executive of the Macao SAR, led the delegations from both sides to attend the “Guangdong-Macao Joint Cooperation Conference 2004” in Guangzhou on 30th November. Mr. Tang Bingquan, the Executive Vice-Governor of Guangdong Province, and Mr.

Francis Tam Pak Yuen, the Secretary for Economy and Finance of the MSAR, reviewed the progress of the cooperation projects carried out last year by the two sides. Moreover, breakthrough in the development of Hengqin Island between the two sides was secured in the Conference. Taking into account the scarcity of Macao's land resources and its imbalanced



Mr. Zhang Dejiang, Secretary of the Guangdong Provincial Party Committee, met with Mr. Edmund Ho Hau Wah. (Courtesy photo from the Government Information Bureau)

industrial structure of overly dependence on a single industry, Guangdong and Macao planned to expand the development of Hengqin Island by the two sides into the establishment of the Pan-Pearl River Delta Hengqin Economic Cooperation Zone jointly developed by the '9+2' provinces and regions. Through the new cooperation mechanism, the industrial structure and the overall employment of Macao can be improved. In addition, Macao's function as a commerce and trade platform for the EU and Portuguese-speaking countries can be developed, and better intermediary services can be provided to the Pan-Pearl River Delta Region.

Guangdong and Macao reached consensus on 11 key areas for cooperation in the next phase:

- Guangdong and Macao work together to promote regional cooperation in the Pan-Pearl River Delta;
- To explore the cooperation between Guangdong and Macao under the framework of the Pan-Pearl River Delta Hengqin Economic Cooperation Zone;
- To cooperate in line with Macao's function as a regional commerce and trade service platform;
- To launch cooperation in the service industry between Guangdong and Macao under CEPA;
- To further facilitate the development of the Zhuhai-Macao Cross Border Industrial Zone;

- To strengthen cooperation in the construction of large-scale transportation infrastructure;
- To strengthen cooperation between the two sides in the tourism sector;
- To support Guangdong enterprises to invest in Macao;
- To intensify cooperation in education between Guangdong and Macao.
- To enhance cooperation of customs checkpoints between the two sides.
- To further cooperation in the fields of science and technology between Guangdong and Macao.

3. Seminar and photo exhibition on CEPA and the Certification and Accreditation System”

Macao Economic Services and the Certification and Accreditation Administration of the People’s Republic of China jointly held a “Seminar and Photo Exhibition on CEPA and the Certification and Accreditation System” on 11th October at the Macau Tower Convention and Entertainment Center. Mr. Edmund Ho Hau Wah, Chief Executive of Macao SAR, and Ms. Wang Feng Qing, chairlady of the Certification and Accreditation Administration of the People’s Republic of China, along with relevant officials from the Mainland and Macao, were invited as officiating guests in the inauguration ceremony. Representatives from the local industrial and commercial community also attended the seminar.



Mr. Edmund Ho Hau Wah, Chief Executive of the Macao SAR, Ms. Wang Feng Qing, Chairlady of the Certification and Accreditation Administration of the People’s Republic of China, as well as other officials, presided over the opening ceremony. (Courtesy photo from the Government Information Bureau)

The signing of CEPA has created an enabling environment for economic and trade exchanges and development of the Mainland and Macao. Under CEPA, trade and investment facilitation is considered the foundation for a smooth implementation of trade in Goods and trade in services. In this event, Mr. Sou Tim Peng, Acting Director of the Macao

Economic Services, signed a Cooperation Agreement with CCIC Macao Company Limited. It is believed that the Agreement will effectively enforce the regulations of China's Certification and Accreditation System, and ensure the economic and trade exchanges between the two places under the framework of CEPA

In the Seminar, officials from the Certification and Accreditation Administration of the People's Republic of China and Mr. Tai Kin Ip, Acting Deputy Director of Macao Economic Services, introduced the National Certification and Accreditation policies, the verification procedures, as well as the implementation of trade in goods in Macao under CEPA. In addition, a photo exhibition was organized alongside the Seminar.

For information concerning National Certification and Accreditation, and the products that require mandatory certifications, please visit the websites of Certification and Accreditation Administration of the People's Republic of China:

<http://www.cnca.gov.cn/20040420/column/282.htm>, and of CCIC Macao Company Limited: http://www.macao-ccic.com/c_index.htm.



Mr. Sou Tim Peng, Acting Director of Macao Economic Services, exchanged the legal text of the Cooperation Agreement with CCIC Macao Company Limited.



Officiating guests visited the photo exhibition.