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Editor’s Note

The first CEPA Senior Official Meeting in 2008 was held in Macao at the end of January. Officials from both the Mainland and Macao reviewed the implementation of CEPA and consulted on market liberalization commitments in Trade in Services in the next round of CEPA. Furthermore, to ensure the smooth implementation of CEPA, the Mainland has finished amending relevant laws and regulations in order to facilitate the investment of Macao residents in the Mainland.

Macao Economic Services jointly organized the “Seminar on China Investment Policies 2007” with Macao Trade and Investment Promotion Institute with an aim to enabling Macao residents to gain an understanding of China’s policies on foreign investment. Also, to enhance the competitiveness of Macao’s MICE industry, Macao Economic Services co-organized with Macao Convention & Exhibition Association the “Forum of Cooperation and Development for Macao International Convention & Exhibition”. Through the Forum, it is hoped that Macao MICE operators can draw on the valuable experience of their overseas counterparts and further strengthen the development of the industry.

- 1. The first CEPA Senior Official Meeting in 2008 was held in Macao*

The first CEPA Senior Official Meeting in 2008 was held at the Macao Business Center on January 25, 2008. The Mainland delegation, which consisted of government officials from the Department of Foreign Trade of the Ministry of Commerce and the Department of Foreign Relation of the Hong Kong and Macao Affairs Office of the State Council, was led by Mr. Sun Tong, Deputy Director-General of the Department of Taiwan, Hong Kong & Macao of the Ministry of Commerce. On the side of Macao, Ms. Lok Kit Sim, Chief of Office of the Secretary for Economy and Finance, led officials from Macao Economic Services and Macao Trade and Investment Promotion Institute attended the Meeting. In the meeting, both sides reviewed the implementation of CEPA and engaged in discussion on the commitments under Trade in Services in the next round of CEPA.



Mainland and Macao officials engaged in discussion on the content of the new round of CEPA (Courtesy photo from the Office of the Secretary of Economics and Finance)

Mr. Sun stated that to be in line with the implementation of the Supplement IV to CEPA (CEPA 5), which came into effect in January, the Mainland has finished the amendment of relevant laws and regulations in 15 areas. In addition, the Mainland has been concerned about the current situation on flour supply, and Mr. Sun indicated that the Mainland would

adopt effective measures to ensure the stable supply of flour.

While the Mainland officials were staying in Macao, they paid a visit to the Macao Cement Factory to understand the current situation on natural sand importation. Also, they were introduced the administration procedures for the issuance of “Certificate for the End Users of Imported Natural Sand” issued by Macao Economic Service.

2. The Mainland has finished amending CEPA related laws to accommodate the implementation of CEPA 5

To be in line with the implementation of CEPA 5, the Mainland has amended relevant laws and regulations in the service sectors of medical, social, insurance and banking, etc. The amendment is summarized as follows:

Service Sector	Content
Medical	<ul style="list-style-type: none"> ● Macao services suppliers who have obtained the Mainland's

	<p>“Medical Practitioner’s Qualification Certificate” are allowed to set up individual medical clinics in the Mainland. In accordance with the stipulations in the “Notice Concerning the implementation of the Supplement IV to Hong Kong CEPA and Macao CEPA in the area of medical services”, the criteria for setting up individual clinics are:</p> <ul style="list-style-type: none"> ➤ Eligible to practice in the Macao SAR; ➤ To have practiced consecutively both in the Mainland and in Macao for at least 5 years; ➤ To have practiced consecutively as a specialist for at least 5 years in the Mainland; ➤ Each service supplier is allowed to open one clinic, and the clinic should be wholly owned and managed by the service supplier. <ul style="list-style-type: none"> ● The Mainland requires that the total investment of the equity or contractual joint venture medical institutes established by Hong Kong and Macao service suppliers should not be lower than RMB10 million. <p>For more details, please visit http://tga.mofcom.gov.cn/aarticle/a/b/200801/20080105336868.html http://www.moh.gov.cn/newshtml/21024.htm</p>
Social Services	<p>As stipulated in the "Notification of the Ministry of Civil Affairs on the provision of elderly service by Hong Kong/Macao service suppliers in the form of wholly-owned private non-enterprises in Guangdong Province on a pilot basis", the major requirements include:</p> <ul style="list-style-type: none"> ● If applicants providing elderly services on a pilot basis are individuals, in this case, they should be mentally capacitated permanent residents of Hong Kong SAR or Macao SAR without any criminal records. ● If applicants are social institutes, they should be founded and established in accordance with relevant Hong Kong or Macao laws. The persons in charge of the institutes must not have any criminal records. ● The capital for setting up elderly care institutes should come solely from the applicants, and the operation capital should meet the requirement of no less than RMB8000.00 for each bed in the

	<p>institutes.</p> <p>For more details, please visit :</p> <p>http://tga.mofcom.gov.cn/aarticle/a/b/200801/20080105360551.html</p>
Insurance	<ul style="list-style-type: none"> ● Macao insurance agency companies must fulfill the following criteria to set up wholly-owned insurance agency enterprises in the Mainland: <ol style="list-style-type: none"> 1. The applicant companies must be local specialized insurance agency institutes and have engaged in relevant businesses for more than 10 years; 2. Annual average revenue should be no less than HKD500,000.00 in the three years prior to the application. 3. Year-end total assets should be no less than HKD500,000.00 in the year prior to the application; No serious transgression or discipline of the companies are recorded . <p>For more details, please visit:</p> <p>http://tga.mofcom.gov.cn/aarticle/a/b/200801/20080105336875.html</p>
Banking	<ul style="list-style-type: none"> ● For a Macao bank to carry out equity acquisition in a Mainland bank, the total asset requirement on the Macao bank at the end of the year prior to the application is lowered from not less than USD10 billion to not less than USD6 billion; green lanes are opened for the Macao bank to establish branches in the Mid-Western, Northeastern regions and Guangdong Province of the Mainland; the years required on substantive business operation for the Macao bank and financial company are relaxed. <p>For more details, please visit</p> <p>http://tga.mofcom.gov.cn/aarticle/a/b/200801/20080105360633.html</p>

3. Macao Economic Services organized the “Forum of Cooperation and Development for Macao International Convention & Exhibition”

To promote the development of Macao’s Convention and Exhibition Industry under the framework of CEPA, Macao Economic Services co-organized the “Forum of Cooperation and Development for Macao International Convention & Exhibition” with Macao Convention & Exhibition Association on December 6, 2007 in Macao. Mr. Francis Tam Pak Iun, Secretary for Economy and Finance, and Mr. Long Yongtu, Secretary-General of Boao Forum for Asia, were invited as officiating guests in the inauguration ceremony. The Forum featured experts in the trade from the Mainland,

Hong Kong and Singapore to deliver keynote speeches on topics including “International Convention & Exhibition Cooperation & Development” and “Convention & Exhibition Industry Chain” etc., shedding light on the direction for the future development of Macao’s MICE industry and the cooperation in the region. The Forum was met with positive responses from the business community, with more than 250 local and overseas participants attending the Forum. On the sidelines of the Forum, participants from the trade were also enthusiastic networking with each other.

Mr. Francis Tam emphasized in his opening speech that the government would make every endeavor to develop Macao’s MIEC industry under the “moderate industrial diversification” policy. He encouraged local companies to capitalize on the preferential treatments for the Convention and Exhibition sector under CEPA and to develop them into business opportunities. Mr. Long Yongtu, the Secretary-General of Boao Forum for Asia pointed out that Macao is endowed with all the edges for developing its MICE industry, such as high tourist turnover, far-flung transportation network, and geographical proximity with Hong Kong and other MICE cities in the Pearl River Delta. Other experts also raised the point that Macao should develop its competitive advantage amidst other Asian MICE cities. For example, based on its



Mr. Francis Tam Pak Iun, Secretary for Economy and Finance, and Mr. Long Yongtu, Secretary-General of Boao Forum for Asia, delivered speeches in the inauguration ceremony.

market position as a gaming-tourism city, Macao can explore the possibilities of developing incentive tourism. On the front of the Exhibition sector, Macao must focus on organizing internationalized, professional, and specialized exhibitions to avoid duplicating the exhibitions held in the region. From a macro perspective, experts suggested that Macao should enhance the complementary development of each component on the MICE supply chain, such as hotels, tourism, finance, logistics, and transportation. Furthermore, experts also stressed the importance of cooperation in the Pearl River Delta, establishment of a complementary MICE system, and enhancement of Macao’s MICE competitive edges so as to attract more local and overseas professional buyers to take parts in those conventions and exhibitions.

4. “Seminar on China Investment Policies 2007” was held in Macao

In 2007, the Mainland rolled out various new laws and regulations in the sphere of economic and trade, such as the “Enterprise Income Tax Law”, “Employment Contract Law” and “Anti-Monopoly Law”, and relevant policies governing processing trade. All the policies impacted the investment and operation of Macao manufacturers in the Mainland. Against this backdrop, the Ministry of Commerce, Macao Economic Services and Macao Trade and Investment Promotion Institute co-organized the “Seminar on China Investment Policies 2007” on December 14, 2007 at the World Trade Center, Macao. Ms. Ma Xiuhong, Vice Minister of Commerce was invited to deliver keynote speech at the seminar. Besides, mainland officials from the Ministry of Commerce, Ministry of Finance, Ministry of Labour and Social Security gave introductions on China investment policies pertinent to “Enterprise Income Tax Law”, “Employment Contract Law”, and “Anti-Monopoly Law”, and industrial policies on processing trade. Furthermore, through the Q&A session in the seminar, speakers exchanged opinions with the participants and the local business community on the issues they were concerned most, enabling the participants to gain a better



A photo of Mr. Francis Tam Pak Iun, Secretary for Economy and Finance, Ms. Ma Xiuhong, Vice Minister of Commerce, and other officials was taken on the sidelines of the Seminar

understanding of the laws and regulations on economics and trade in the Mainland.

Mr. Francis Tam Pak Iun, Secretary for Economy and Finance of Macao SAR, pointed out that the seminar served the purpose of providing the most updated business regulations and information to the Macao business community and therefore, was of great importance to facilitate the economic and trade cooperation between Macao and the Mainland. Gao Yan, Vice-Director of the Central Government’s Liaison Office in Macao, also encouraged Macao enterprises to seize the opportunities arising from the amelioration of Mainland’s industrial structure to progressively enhance their competitiveness.

For the relevant laws and regulations, please refer to:

The Enterprise Income Tax Law of the People’s Republic of China

http://www.gov.cn/ziliao/flfg/2007-03/19/content_554243.htm

The Employment Contract Law of the People's Republic of China
http://www.molss.gov.cn/gb/news/2007-06/30/content_184630.htm

The Anti-Monopoly Law of the People's Republic of China
http://www.gov.cn/ziliao/flfg/2007-08/30/content_732591.htm

5. The Mainland amended the Enterprise Income Tax Law

From January 1, 2008, the Enterprise Income Tax Law superseded the Interim Regulations on Enterprise Income Tax and The Income Tax Law for Foreign Funded Enterprises and Foreign Enterprises, creating a fair and just business environment in the Mainland. The Law stipulates the unification of enterprise income tax rate of 25%, comparing to the tax rate of 33% for mainland enterprises and 15% for foreign enterprises in the previous laws.

For more details, please consult:

The Enterprises Income Tax Law of the People's Republic of China
http://www.gov.cn/ziliao/flfg/2007-03/19/content_554243.htm
and

Q&A of the Enterprises Income Tax Law of the People's Republic of China
http://222.184.102.150/www/bszn/sds/200712/bszn_20071218145609.html

6. The Monetary Authority of Macao held the “Seminar on the Opening up of China's Banking Industry and the Cooperation with Macao's Banking Sector”

To facilitate the financial cooperation between the Mainland and Macao under the framework of CEPA, the Monetary Authority of Macao and Macao Association of Banks jointly held the “Seminar on the Opening Up of Mainland's Banking Sector of and the Cooperation of Macao's Banking Industry”. The organizers of the Seminar invited Xiao Yuan, Director of the Monetary Authority of Chongquin of China Banking Regulatory Commission to deliver keynote speech in the hope that the local banking operators



Mr. Anselmo Teng took a picture with other guests in the Seminar

could understand better the latest development of China's banking sector, and the Mainland and Macao could intensify their cooperation in the industry under CEPA. Representatives of the local financial institutes participated in the Seminar with great enthusiasm.

Mr. Anselmo Teng, Chairman of the Monetary Authority of Macau, said in his speech at the Seminar that the economic and financial ties between the two places have become closely knitted. The signing and implementation of CEPA, on one hand, create more room for economic and financial exchange and cooperation, and on the other hand, confirm the demand for cooperation of the industry. Mr. Teng pointed out that the Seminar was held with an important purpose of enabling the local banking operators to familiarize with the thriving banking sector of the Mainland, and thus promoting the financial cooperation between the two sides under CEPA.

Mr. Xiao emphasized in his speech that since the signing of CEPA, cooperation between the banking industries of the Mainland and Macao has been advancing progressively. Banks in both places not only have fully developed their competitive edges, but also have sought for new cooperation opportunities in the midst of the broadening and deepening exchange. He also suggested that Macao banks could launch their businesses in the Mainland by means of different forms of business.