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Editor’s Notes :

The 1st CEPA Senior Official Meeting was convened in February in Macao. The Ministry of Commerce coordinated delegates from relevant Mainland ministries and departments to attend the meeting, discussing and exchanging views with Macao officials on issues pertinent to CEPA Trade in Services, Trade and Investment Facilitation, CEPA implementation problems, and the 2010 work plan. On the front of CEPA Trade in Goods, with the twice-a-year negotiations under the mechanism for qualifying as CEPA Zero-Tariff Products, 1,209 Macao products (2010 Mainland tariff codes) are currently eligible for the zero-tariff benefits exporting to the Mainland. Until February 2010, exported Macao zero-tariff products amounted more than MOP110 million, bringing about a tax saving of MOP9 million.

In the sphere of Trade in Services, with the market opening measures of CEPA, the first Macao travel agent was set up in the Zhejiang Province providing related services. Also, a Macao medical institute planning to set up clinics in the Guangdong Province to provide medical and dental services was issued Macao Service Supplier Certificates in the medical sectors for the first time. In the wake of the deepening market liberalization in CEPA, it is expected that more and more Macao companies in various service sectors can harness the opportunities to develop their businesses in the Mainland.

1. The Mainland and Macao set about negotiating Supplement 7 to the CEPA in 2010

The 1st 2010 CEPA Senior Official Meeting was convened on February 4, 2010 in Macao. Mr. Tang

Wei, the Director General of the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce, was leading the Mainland delegation, which consisted of representatives from relevant Mainland ministries and departments as well as Guangdong officers, to attend the meeting. The Macao delegation, led by Ms. Lok Kit Sim, Chief of Office of the Secretary for Economy and Finance, and joined by representatives from various Macao government departments, engaged in discussion with its Mainland counterpart on the new measures to be included in Supplement 7 to the CEPA.

The Meeting focused on issues of market opening measures in Trade in Services, advancement in Trade and Investment Facilitation, CEPA implementation problems, and the work plan for 2010. In the meeting, Macao put forward liberalization suggestions in different service sectors, and tabled proposals in areas of Trade and Investment Facilitation. In response, Mainland delegates from relevant departments explained in details and delivered their views on Macao's suggestions from a pragmatic prospective. The Mainland delegates emphasized that the continuous advancement of CEPA would be based on the support of the Central Government for Macao to cope with the financial crisis and secure economic prosperity. With respect to the suggestions put forward in the Meeting, the Mainland would conduct feasibility studies and keep in close touch with Macao.



The Mainland and Macao delegates engaged in active discussion in the meeting

1. The General Administration of Customs of the Mainland and Macao Economic Services held working meetings on the Implementation of CEPA Trade in Goods and the Establishment of Product Classification Mechanism



Representatives from the General Administration of Customs of the Mainland and Macao Economic Services exchanged views on the implementation of CEPA Trade in Good in the meeting.

A regular session on Implementation of CEPA Trade in Goods was held on January 14, 2010 in Wuyishan, the Fujian Province. Representatives from the Department of Customs Revenue, Department of International Cooperation, the Country of Origin Office of Gongbei Customs of the General Administration of Customs, the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce, Macao Economic Services, and the Liaison Office of the Central People's Government in Macao, SAR, attended the meeting.

During the meeting, the Mainland and Macao reviewed the implementation of CEPA Trade in Goods. It was pointed out that in 2009, the exports of CEPA goods, amounting MOP38.73 million, reached the yearly highest since CEPA came into force, with a 145.1% increase over 2008. Also, both sides discussed the 2010 work plan for CEPA Trade in Goods and agreed that they would spare no effort in implementing CEPA Trade in Goods in the coming year and assisting companies in both places to take advantage of the preferential policies so as to promote adequate industrial diversification in Macao.

Also, to facilitate customs clearance of CEPA goods exported to the Mainland, the Country of Origin Office of Gongbei Customs held another working meeting with Macao Economic Services on January 5, 2010. In the meeting, both sides agreed to enhance communication and exchanges and establish a product classification mechanism, of which the technical support will be provided by the Gongbei Office of Origin. The mechanism is devised to assist Macao companies to classify their products according to the CEPA tariff codes. Through this pre-export classification, CEPA products can be classified in advance, and hence the customs clearance process can be streamlined when the products are imported into the Mainland.

3. Macao cross-border freight carriers launched scheduled cross-border freight transportation services in major Guangdong cities

To facilitate the integration of Macao into the logistics market in the Pearl River Delta, The Macao Association of Cross-Border Freight Carriers has been developing scheduled Guangdong-Macao Cross-Border freight transportation since last year in various Guangdong cities in order to assist Macao freight carriers to develop the Mainland market and enhance the competitiveness and capacity of the trade. Under the auspices of the Logistics Association of the Guangdong Province and the Macao Government, the Association has set up five transportation destinations in the Pearl River Delta, namely, Guangzhou Linan, Dongguan Liaobu, Fushan Longjiang, Jiangmen Dachang, and Dongguan Humen. Among them, the Linan-Macao Scheduled freight transportation services were launched on January 11 at the Guangzhou Linan Logistics Park. Deputy Director of the Baiyun District, Mr. Yu Shixi, Secretary of the Logistics Association of the Guangdong Province, Mr. Ma Renhong, Director of the Macao Association of Cross-Border Freight Carriers, Mr. Ip Sio Cheong, as well as a representative of Macao Economic Services were invited to preside over the launching ceremony.

The development of cross-border freight transportation brings about fast and cost-competitive logistics services between Guangdong and Macao. The



Representatives from the Mainland and Macao presided over the launching ceremony for the Linan-Macao Cross Border Scheduled Freight Transportation

Linan-Macao scheduled logistics services stands as an example to explain in this light. In the past, there were two major ways for handling less-than-carload-lot (lcl) from Guangzhou to Macao. The first way was to accumulate the lcl and transported them to Macao on an irregular basis. Another way was to consolidate the cargos and transport them to Zhuhai and then to Macao. The transportation time in this way would be two or three days on average. However, with the Linan-Macao scheduled logistics services, one container car, at the minimum, will be dispatched each day at one o'clock in the afternoon from Linan, and the scheduled container car will pass through the Henquin checkpoint within four hours directly to Macao. Hence, 1 or 2 days can be saved for lcl transportation comparing to irregular transportation.

Both the Guangdong and Macao Governments hope that with public-private cooperation, the two places can develop their logistics services on the basis of complementary advantages. Given the geographical proximity between Guangdong and Macao, Macao's far-flung transportation network, and its role as the commercial and trade platform for the Portuguese-speaking countries, both sides are confident that they will joint hands in developing the logistics industry through the establishment of an advanced logistics system in the Pearl River Delta.

4. The State Council amended the “Implementation Details of the Patent Laws of the People’s Republic of China”

Premier Wen Jiabao of the State Council signed a Decree of the State Council on January 9, 2010 promulgating the Decision to Amend the “Implementation Details of the Patent Laws of the People’s Republic of China”, which came into effect on February 1, 2010.

In accordance with the Agreement on Trade Related Aspects of Intellectual Property Rights and related documents of the World Trade Organization, the Implementation Details increase the types of compulsory licenses and clarify the scopes of their application. Major amendments made in the new Patent Laws include:

- Any Chinese entity or individual intends to apply in a foreign country for a patent for any invention-creation completed in China shall first file a patent confidential assessment with the patent administration department under the State Council.
- The procedures and terms for authorization of patent applications and examination and approval for patent were adjusted.
- The search report on utility model patent is superseded by the evaluation report on utility model patent and patent for design. The Patent Laws clarify that the patentee and the interested party can petition the State Council for furnishing the patent evaluation report as the proof for judgment and handling of patent infringement.

In addition, to promote invention and the development of patents, the Decisions lay out measures

including: reducing relevant charges and fees, relaxing the limitation on the rights of priority of the interested parties, as well as improving the service invention-creation reward.

For the full text of the Decisions, please refer to :

http://www.gov.cn/zwgk/2010-01/18/content_1513398.htm

5. The General Administration of Quality Supervision, Inspection and Quarantine of PRC and Macao Economic Services convened the 2010 Product Safety Technical Group Meeting

the General Administration of Quality Supervision, Inspection and Quarantine of PRC and Macao Economic Services held the first 2010 Product Safety Technical Group Meeting on January 14 at the Macao Economic Services. In the meeting, both sides reviewed the scopes of cooperation in product safety and discussed extensively on the cooperation direction and work plan for the future. Both sides agreed to strengthen the cooperation in the areas of technical assistance, information notification, and



Representatives from both sides explored the possibilities for further cooperation in product safety.

market supervision. The meeting was presided over by the Director General of the Department of Supervision on Inspection of the General Administration of Quality Supervision, Inspection and Quarantine, Mr. Wang Xin, and the Director of Macao Economic Service, Mr. Sou Tim Peng.

During the meeting, the two sides exchanged views and engaged in thorough discussion on a wide range of issues, including recognition of product standards for cosmetics, the current status of supervision on product safety, product safety and development of regional trade, quality and safety of products circulating in the market, format of the notification form for substandard products in both places. On the topic of formulating safety standards for cosmetics, the Mainland agreed to provide necessary assistance to Macao. Also, the two sides reached consensus on the arrangement of technical exchanges and training in the year and the venue for the next meeting. It was agreed that with the support of the experts from the General Administration of Quality Supervision, Inspection and Quarantine as well as from Macao, the technical training can be arranged every quarter. The curriculum of the training is tentatively set to cover four topics, namely food labels, food additives, cosmetics, safety for special equipment. With respect to the next meeting, the two sides agreed to hold the meeting at the beginning of August or September in the Mainland. Furthermore, in the meeting, the two sides touched upon technical issues of safety certification for temporary import of bulky entertainment equipment through the Mainland for conventions and exhibitions held in Macao and facilitation of customs clearance for products distributed through Macao to the Mainland. The meeting is considered fruitful in enhancing the understanding and cooperation in product quality and safety of the two sides and contributing to a

better protection on the health and safety for consumers in the two places.

6. Notification about “Guidelines on the Assessment of Foreign-invested Commercial Projects in the Guangdong Province”

The Guangdong Province promulgated the “Guidelines on the Assessment of Foreign-invested Commercial Projects in the Guangdong Province” in July 2009, stipulating the competent departments in charge of examination and approval of foreign investment on commercial projects, application procedures and required documents, and the time limit for assessment. In the Guidelines, facilitation measures, such as fast lane and simplified procedures devised specially for Hong Kong and Macao investors holding valid Hong Kong or Macao Service Supplier Certificates are rolled out so as to further implement the relevant CEPA commitments in service sectors on the “first and pilot basis” in the Guangdong Province and to advance Guangdong-Hong Kong-Macao cooperation on service industry. According to the Guideline, one of the major simplified procedures is that lease agreement is not required for the opening of ten outlets or more at a time with floor areas of each less than 300 square meters. However, addresses of the outlets are still required for application.

For further details of the “Guidelines on the Assessment of Foreign-invested Commercial Projects in the Guangdong Province”, please refer to the following website:

http://www.zhkgmx.gov.cn/wjk/200911/t20091125_91815.html