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Editor’s Note:

CEPA Newsletter is a free bimonthly leaflet published by Macao Economic Services for those interested in knowing more about CEPA. To subscribe the Newsletter, please contact CEPA Information Center at 7989708 (Fax No: 755011) or visit the Center in person. Your comments and suggestions are also appreciated.

1. Macao Economic Services CEPA Information Centre has come into operation

The CEPA Information Centre located at Alameda Dr. Carlos d’ Assumpção, N°263, Edifício China Civil Plaza, 20th floor, Macao, is now officially open to the public from 21st November, 2003. Welcome to call or visit the Centre for any information about CEPA. To better serve the public, Macao Economic Services and Macao Trade and Investment Promotion Institute will provide relevant services for free to local businesses and overseas investors.

2. Application Procedures for ‘CEPA Specific Certificate of Origin’

Macao manufacturers who want to enjoy the zero-tariff benefits for exporting the 273 products in CEPA to China are required to submit applications for CEPA Specific Certificate of Origin, along with the following information:

- Information of exporters and manufacturers;
- Names and measurement units of the products (in Chinese);
- Information and price of the imported raw materials, production procedures and costs, etc.

Applications should be submitted to Macao Economic Services from 1st December, 2003.

Address: Rua Dr. Pedro José Lobo, 1-3, Luso International Bank Building 3/F
Macao Economic Services - Foreign Trade Management Department, Certificate of Origin Issuance Division

The requirements on applying for the Certificate of Origin:

- Manufacturers should be holders of the industrial license issued by Macao Economic Services.
- Products must be included in the CEPA product list, and their production must fulfill the relevant rules of origin stipulated in CEPA.

Macao Economic Services start accepting applications for the Certificate of Origin from 10th December, 2003, while holders of the CEPA Certificate of Origin can enjoy the zero-tariff benefits from 1st January, 2004. Application fees will be charged in line with the current charges, i.e. MOP\$70 per certificate. Interested parties can apply through EDI or sending paper applications to Macao Economic Services. MOP\$70 will be charged as administration fees, without including the cost of paper documents.

It is worth-noting that the Ministry of Finance of the People's Republic of China adjusts the tariff codes of all tax items promulgated by China Customs every year. For products that are to enjoy zero-tariff benefits in the following year, applicants of the Certificate of Origin should fill out their applications with 2004 tariff codes of the products. For the information about converting the 2001 tariff codes of the 273 products under CEPA to 2004 tariff codes, please refer to the website of Macao Economic Services.

Verifying the Productivity of Manufacturers

Macao Economic Services will verify the production of Macao manufacturers through sampling investigation and irregular on-site inspection. Samples for investigations are chosen from a MES's manufacturer database after thorough analysis based on information about production factors, export volume, etc. in the database. Meanwhile, the investigation consists of two parts: document examination and on-site inspection. On the front of document examination, Macao Economic Services requires manufacturers to provide documents recording the relevant production, and then analyzes the documents so as to verify whether the production procedures are in conformity with the information provided. With regards to on-site investigations, MSE will estimate the production capability of the manufacturers by calculating the production rate and daily production volume of their workers, as well as the number of workers, their sewing skills and proficiency, and production facilities of the manufacturers, etc. Finally, MES will determine whether the production capacity of the manufacturers is in line with their production volume, or to the contrary, whether any breach of the rules of origin exists by analyzing the results obtained from both the document examinations and on-site inspections.

3. Know more about CEPA Trade in Services

Question: What are the 18 service industries that the Mainland will open for Macao Service Suppliers under CEPA?

Answer: The 18 service industries listed in Annex 4 of CEPA are: Legal Services, Accounting, Auditing and Book-keeping Services, Architectural Services, Engineering Services, Integrated Engineering Services, Urban Planning and Landscape Architectural Services, Medical and Dental Services, Real Estate Services (related to self-owned or leased properties, real estate services base on charges or contract, etc.), Advertising, Management Consultation, Convention and Exhibition, Value-added Telecommunication Services, Audio-visual services (such as videos and sound recording products distribution services, cinema theatres, Chinese motion pictures and TV films, film-making, etc.), Construction and Related Engineering Services, Distribution Services (such as commission agents, wholesales, retails and franchising), Insurance and Its Related Services, Banking and Other Financial Services (excluding Insurance and Securities), Securities Services, Hotels (including apartment buildings), Restaurants, Travel Agencies and Tour Operators, etc., Tourism Related Services, Transport Services and Logistics Services, including International Maritime Transport Services (not including coastal and inland water transport services) , Container Station and Depot Services, Road Freight Transport Services, Road Passenger Transport Services (in the western region) , Storage and Warehouse Services, and Freight Forwarding Agency Services (not including freight inspection). For the details of the specific commitments and their relevance, please refer to the CPC United Nations Provisional Central Product Classification under the CEPA column on the website of Macao Economic Services: www.economia.gov.mo .

Q: Can any Macao companies that engage in any of the mentioned 18 service industries enter the Mainland market through CEPA?

A: Macao companies that engage in those 18 service industries can enter the Mainland market and set up establishments in accordance with relevant laws and regulations to provide services only after they have obtained the ‘Macao Service Supplier Certificate’. The Certificate has a validity of 2 years and was issued by MES to qualified applicant companies after those companies successfully go through the assessment procedures. Generally speaking, Macao companies are required to have engaged in substantive business operation for 3 to 5 years, depending on the industry in which they are operating.

Q: How to apply for the “Macao Service Supplier Certificate”? After obtaining the Certificate, can Macao Service Suppliers set up companies in the Mainland immediately to provide services in accordance with relevant laws?

A: CEPA will come into effect on 1st January, 2004. Therefore, from 17th December, 2003, according to CEPA, any company that is to launch operation in the Mainland in the 18 service industries listed in Annex 4 of CEPA can apply for the ‘Macao Service Supplier Certificate’ by filling in an application form and declaration and submit them, along with other required documents, to Macao Economic Services CEPA Information Centre located at Alameda Dr. Carlos d’ Assumpção, N°263, Edifício China Civil Plaza, 20th floor, Macao.

The application form, declaration and the list of the required documents can be obtained from the Centre or download from the website of Macao Economic Services: www.economica.gov.mo. For any enquiries about the application procedures, please contact the Centre at 7989708.