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Editor's Notes:

Since CEPA has come into effect from 1st January, 2004, under the far-reaching promotion and advertising campaigns launched by the Government, CEPA Certificates of Origin and Macao Service Supplier Certificates have been issued successfully. Until now, Macao Economic Services has received 21 applications for Service Supplier Certificates under trade in services, and 41 Certificates have been given out, mainly to the logistic and transport sectors. On the front of trade in goods, 22 applications of the table of product ingredients have been received, and 7 Certificates of Origin have been issued. In this regard, the first batch of zero-tariff products was successfully exported to the Mainland in mid-February. Meanwhile, more and more Macao manufacturers have been submitting new product lists for enjoying the zero-tariffs benefits. Also, 69 Macao residents who plan to operate individually owned stores in Guangzhou in the coming year have received the relevant identification certificates by the Identification Bureau. The positive response of the local business community manifests that businesses from all sectors are eager to seize the opportunities brought about by CEPA.

- 1. The first batch of Macao zero-tariff products passed through the customs smoothly**

In the morning of 18th February, the first batch of Macao zero-tariffs goods, 4.1 tons of plastic bags, successfully entered the Mainland. The person in charge of Yiu Wah Plastic Factory, Mr. Fung Yiu Sun, witnessed the whole process. Since the factory has been the first one to obtain the Certificate of Macao Origin and enjoy zero tariffs benefits

exporting to the Mainland, he expressed his gratitude towards all relevant government departments and shared his experiences on utilizing the zero-tariffs arrangement under CEPA to develop the Mainland market.

He explained that since there was a gap on the production costs between Macao and the Mainland, Macao products still remain competitive in the foreign markets due to their excellent quality. For example, “Yiu Wah” mainly adopts mechanization and automation for their production, thus reducing dependence on labour force; the products are mainly imported to America, Australia, and Sri Lanka. Mr. Fung said that according to CEPA, this exportation could save 12% on tariffs, which is about MOP3,000. When the cost of production of Macao goods has been reduced, it means the gap with similar products in the Mainland has been narrowed. Therefore, CEPA actually enhances the competitiveness of Macao products and provides businessmen in Macao with more opportunities to develop into the Mainland market.



Courtesy photo from Government Information Bureau

2. An interview with an enterprise – Ambition to develop in the logistic market in the Mainland

CEPA has been in effect for only 3 months but the Macao Economic Services has already issued more than 40 Certificates of Macao Service Supplier, especially the transport and logistics industries, are no more in a stage of passiveness and observation. Instead, they have taken concrete actions to deploy strategies so as to utilize preferences of CEPA for their development in the Mainland.



Courtesy photo from Government Information Bureau

After the executive general manager of P&G Air Cargo and Express Co., Ltd., Mr. Poon Seong Wang, got the Certificate of Macao Service Supplier from the representative of the Macao Economic Services, he gladly talked about the future plan of the company on the development in the Mainland. He said that his company had been

operating transport and logistics businesses in the Pearl River Delta before but it could only operate through agency or cooperation with the Mainland enterprises. Nonetheless, after CEPA had been carried out, those qualified Macao logistics enterprises could operate as wholly-owned enterprises in the Mainland. Although P&G would not terminate the mutually beneficial cooperation with the Mainland partners because of getting the Certificate of Macao Service Supplier, CEPA really allowed them greater flexibility upon choosing the mode of business operation.

He pointed out that under the trend of economic integration of the Greater Pearl River Delta, the SAR government suggested the policy of being the intermediary stage between the Mainland and Portuguese-speaking countries. Following the direction of this government policy, enterprises in Macao would focus on the development of the logistics industry. With the opportunities provided by the CEPA, he hoped that his up-and-coming attitude could let further expand in various provinces in the Mainland.

3. Many business opportunities are brought by CEPA

The Ministry of Commerce of the People's Republic of China and the SAR Government held two talks about the policy of logistics and professional services on 24 February at the Macao Chamber of Commerce. It attracted over a hundred of local entrepreneurs to attend it and understand the opportunities brought by CEPA. The Mainland officials said in the talk that the logistics market, express market, rail freight market and road passenger market of the western regions were the four road freight industries considered to be with the most potential growth. Besides, the international maritime transportation, the international maritime container yards and depot services, as well as non-vessel operation, provided the container transportation and logistics enterprises in Macao with motivation to develop in the Mainland.

Under CEPA, the State Council of the People's Republic of China allows Macao Service Suppliers to operate road freight businesses and direct train services among different provinces as wholly-owned enterprises in the Mainland. Regarding passenger transportation, it allows Macao Service Suppliers to establish wholly-owned road passenger transportation enterprises in the western regions. For those Macao entrepreneurs who would like to enter the international freight forwarding and logistics market through CEPA, they could apply for the license from the Ministry of Commerce



in the area where they want to invest. If the conditions and information are complete, they would be acknowledged of the result within 30-45 days.

For legal services, there are 8 items committed by the Mainland according to CEPA, which include joint venture with the Mainland offices, law counselors, license in the Mainland, examination qualifications, practitioner license, duration of residence, qualifications of notaries and provision of legal services to the third country. If Macao lawyers would like to work in the Mainland, they first need to set up their firms and go through the establishment procedures of the relevant provincial judicial department. Currently the passing rate of the Mainland Judicial Examination is 10%. According to Mr. Wu Mingde from the Ministry of Justice, there are only 110 thousand qualified lawyers in the Mainland currently, with less than a thousand who are familiar with the International Law, WTO Law and commercial laws in other countries. Therefore, there is a great demand for law talents to provide professional services, especially in business finance, merger and stock listing.

Regarding management consultant services, the categories promised to be opened by the Mainland include general management consultant services, financial management consultant services (business tax is excluded), sales management consultant services, human resources management consultant services, production management consultant services, public relations services and other management consultant services. According to the regulations of 'the Company Law' in the Mainland, the minimum required capital for setting up the relevant management consultant companies is RMB100000. They can either provide management consultant services as a natural person or a legal person. Since the Mainland is still in the developmental stage of the economy, there are many business opportunities for developing management consultant services.

4. The Promotion Week of CEPA finished successfully in Guangzhou

The Promotion Week for CEPA of Mainland, Hong Kong and Macao was held again after those finished in Beijing and Shanghai in January, by several government departments and organizations in China, Hong Kong and Macao. The final station of promotion was held and finished in Guangzhou on 14 February, 2004. The main purpose for this CEPA promotion was to let more enterprises in Mainland, Hong Kong and Macao better understand and control the actual spirit and operation of CEPA through itinerant exhibitions, seminars and conferences on policy report. This in turn reinforces and expands the trade and economic cooperation between Mainland, Hong Kong and Macao, thus speeding up the process of trade and investment facilitation.

The Guangzhou station was the climax of the itinerant promotion week, with a delegation of more than 200 commercial representatives organized by the government attending the conference. It revealed that Macao industries were having great concern for the trade and investment relationship with Guangzhou. The focus of the promotion in Guangzhou station was mainly on the problems of practical operation, which included the report on 'Policies implemented for CEPA that were carried out in Guangzhou, Hong Kong and Macao' and a 4-day public exhibition. In the report, officers from Guangzhou and Macao reiterated their determination to reinforce CEPA and explained the relevant measures adopted to implement CEPA in Mainland and the SAR Government, in order to make sure that CEPA could run efficiently and bring the optimal business opportunities to the Mainland and Macao business community. The exhibition which was held in Guangzhou Jinhuan Exhibition Centre attracted many guests. Under the attraction of the zero-tariff preferences of CEPA, many Mainland people showed much greater interest in the exhibited Macao products.