

# 2019

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closer Economic Partnership Arrangement

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## Editor's Note:

To further deepen the liberalization of trade in services between the Mainland and the Macao Special Administrative Region, strengthen the bilateral economic and trade exchanges and cooperation and support and encourage different sectors of Macao to participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the Mainland and Macao signed on 20 November in Macao the Agreement Concerning Amendment to the CEPA Agreement on Trade in Services, which will be officially implemented on 1 June 2020.

Co-chaired by Wang Bingnan, Vice Minister of Commerce of the People's Republic of China, and Leong Vai Tac, Secretary for Economy and Finance, the Mainland and Macao Economic and Trade Cooperation Committee convened its second meeting at the Government Headquarters on 20 November. At the meeting, the two sides reviewed the work commenced since the first meeting with an emphasis on exploring the way forward for economic and trade collaboration between the two places. They also reached consensus on making amendments to and implementing CEPA, advancing Macao's participation in the "Belt and Road" Initiative, jointly promoting the development of the GBA, jointly developing Macao into a platform between China and Portuguese-speaking Countries and supporting the development of Macao's moderate economic diversification, among others.

The meeting of the Leading Group for Development of Guangdong-Hong Kong-Macao Greater Bay Area convened on 6 November 2019. After the meeting, the Central People's Government introduced 15 policy measures that benefit the residents and professional sectors of Macao. The policy measures favor the speeding up of development of the GBA, further facilitate residents of Macao in integrating themselves into the GBA for working, studying and living, stimulate the flows of people, goods and capital and support the development of professional sectors in the GBA.

For further details, please access the CEPA Newsletter through the following link of the DSE website: Home > Classification by Functions > External Economic & Trade Relations > CEPA Newsletter. For any enquiry or suggestion, please contact the DSE (Tel: 85972343 or E-mail: info@cepa.gov.mo).

## 1. Agreement Concerning Amendment to the CEPA Agreement on Trade in Services signed in Macao

Signed by Wang Bingnan, Vice Minister of Commerce of the People's Republic of China, and Leong Vai Tac, Secretary for Economy and Finance, on 20 November 2019 in Macao, the Agreement Concerning Amendment to the CEPA Agreement on Trade in Services will further deepen the liberalization of trade in services between the Mainland and the Macao Special Administrative Region, strengthen the bilateral economic and trade exchanges and cooperation and support and encourage different sectors of Macao to participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), thereby contribute to taking forward the development of Macao's moderate economic diversification. The Agreement will be officially implemented on 1 June 2020.

The Agreement systematically consolidates and sums up the previous liberalization measures relating to trade in services in the CEPA series of agreements, and makes upgrades on the basis of the liberalized sectors in response to, among other factors, the current changes in the international economic environment, the Mainland's investment policy trend and the progress of economic and trade cooperation between the two places, making a positive effect on encouraging the entry of Macao's services sectors into the Mainland market.

Under the Agreement, the number of services sectors in which the Mainland fully accords Macao national treatment has increased from 62 to 69, including accounting, construction and design, engineering, facility repair and maintenance, wholesaling and transportation, among others. Macao service suppliers may enter the Mainland market by means of commercial presence and enjoy the same market access conditions with Mainland investors.

In addition, to promote in-depth integration between Macao and the GBA in services sectors, the Agreement proposes a variety of services liberalization measures that will be implemented in the GBA on an early and pilot basis, including taking forward the early and pilot implementation of policies broadening the scope of liberalization in finance, legal, taxation, education, construction engineering, tourism and other services sectors. This helps to facilitate the achievement of comprehensive liberalization of trade in services in the GBA.

At the same time, the Agreement deletes the original positives lists for cultural and telecommunications services, with their content transferred to the negative list for commercial presence and the positive list concerning the liberalization measures under cross-border services. After the integration, multiple measures for the cultural and telecommunications services will be managed with the more open and transparent negative list approach. After adopting the negative list, the Mainland no longer imposes any special limitations other than the restrictive measures on eligible Macao service suppliers in the cultural and telecommunications sectors.

The Agreement further sets out a number of measures that open up the banking and insurance sector by relaxing the market access, scope of business, operational requirements and regulatory procedures for enhancing the level of openness of the financial sector. The measures effectively creates a more ideal investment environment for Macao banks and insurance companies to explore the Mainland market and promotes business collaboration and joint development between financial institutions in Macao and the Mainland, thereby achieving mutual benefit.



The two sides sign the Agreement Concerning Amendment to the CEPA Agreement on Trade in Services



Group photo of the two sides

## 2. Mainland and Macao Economic and Trade Cooperation Committee convenes second meeting

Co-chaired by Wang Bingnan, Vice Minister of Commerce of the People's Republic of China, and Leong Vai Tac, Secretary for Economy and Finance, the Mainland and Macao Economic and Trade Cooperation Committee convened its second meeting at the Government Headquarters on 20 November. At the meeting, the two sides reviewed the work commenced since the first meeting with an emphasis on exploring the way forward for economic and trade collaboration between the two places. They also reached consensus on making amendments to and implementing CEPA, advancing Macao's participation in the "Belt and Road" Initiative, jointly promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), jointly developing Macao into a platform between China and Portuguese-speaking Countries (PSCs) and supporting the development of Macao's moderate economic diversification, among others.

Leong Vai Tac expressed sincere gratitude to the long-standing immense care and support for the social and economic development and moderate economic diversification of Macao given by the Ministry of Commerce of the People's Republic of China (MOFCOM) and relevant Central authorities. He stated that with the amendment to the CEPA Agreement on Trade in Services further relaxing the threshold for entering the Mainland market for Macao enterprises, Macao will carry out the implementation well with MOFCOM and other authorities and actively encourage Macao's business sector to make good and full use of CEPA's various preferential measures.

As pointed out by Leong Vai Tac, the Central People's Government has recently launched 15 more policy measures to favor Macao by further facilitating Macao residents in integrating themselves into the GBA for working, studying and living, stimulating the flows of people, goods and capital within the Area and supporting the development of professional sectors in the GBA, and MOFCOM will issue the Opinion on Several Policy Measures for Supporting the Development of the Guangdong-Hong Kong-Macao Greater Bay Area in the Commercial Sector, which will serve as the policy guideline for supporting the development of the GBA in the commercial sector in the years ahead. Leong Vai Tac emphasized that Macao will fully grasp the opportunities arising from the development of the GBA and make every endeavor to advance the implementation of the relevant policy measures with a view to joining force in the development of the GBA.

Vice Minister Wang Bingnan stated at the meeting that the economic and trade cooperation between the two places has progressed comprehensively for the twenty years since the return of Macao with increasingly closer economic and trade exchanges and remarkable results achieved from cooperation in trade, investment, works and others. In 2018, the volume of trade between the Mainland and Macao was 3.16 billion USD, 3.3 times higher than that before the handover; the actual utilization of Macao investment amounted to 1.28 billion USD, 3.1 times more than that before the handover; and the turnover of China's contracted



Second meeting of the Mainland and Macao Economic and Trade Cooperation Committee

projects in Macao amounted to 2.51 billion USD, increased by 20.3 times comparing with that before the handover.

Wang Bingnan pointed out that under the joint effort of the two sides, the goal to “open the Mainland up more widely to Hong Kong and Macao and work to improve CEPA” established in the 13th Five-Year Plan of China was accomplished in 2018 ahead of schedule, with CEPA established as a high-level free trade agreement that possesses the characteristics of “One Country, Two Systems” and fully covers the areas of economic and trade cooperation between the two places. Through CEPA, comprehensive liberalization of trade in goods between the Mainland and Macao has been achieved; liberalization of trade in services has basically been achieved; comprehensive protection has been realized in the domain of investment; economic and technical cooperation arrangements are developing towards a wider coverage; and all-inclusive and pragmatic cooperation has been launched in the area of trade and investment facilitation.

At the meeting, the two sides also reached a number of consensus on the future work on supporting Macao’s moderate economic diversification, supporting Macao’s participation in the “Belt and Road” Initiative, jointly promoting the development of the GBA and supporting Macao’s development into a platform between China and PSCs. Among which, with regards to supporting Macao’s moderate economic diversification, the two sides will jointly explore the mechanism of coordinating development between industries of the two places under the new situation, broaden the scope of cooperation and innovate the forms of cooperation, including: strengthening the support for the growth and upgrading of Macao’s convention and exhibition industry; jointly promoting the development of green finance in Macao; continuing the support for Macao’s participation in the China International Import Expo; and continuing to ensure the stable supply of the Mainland’s agricultural products and sub-products to Macao, among others.

### 3. Central People’s Government introduces GBA development policy measures to favor Macao

The meeting of the Leading Group for Development of Guangdong-Hong Kong-Macao Greater Bay Area convened on 6 November 2019. After the meeting, the Central People’s Government introduced 15 policy measures that benefit the residents and professional sectors of Macao. The policy measures, which favor the speeding up of development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), further facilitate residents of Macao in integrating themselves into the GBA for working, studying and living, stimulate the flows of people, goods and capital and support the development of professional sectors in the GBA, are as follows:

1. Facilitating property purchases by Hong Kong and Macao residents in the Mainland cities of the GBA.
2. Supporting the use of mobile electronic payment by Hong Kong and Macao residents in the Mainland.
3. Ensuring that the children of Hong Kong and Macao residents enjoy the same education as those of Mainland residents.
4. Exploring the establishment of a cross-boundary wealth management scheme.
5. Facilitating the staying and residing of non-Chinese Hong Kong and Macao permanent residents travelling to and from the nine Mainland cities in the GBA.
6. Further relaxing the restrictions on entry of drugs and medical devices.
7. Further relaxing the restrictions on law firms operating in the form of partnership association.
8. Further extending the scope of mutual recognition of qualifications.
9. Expanding the scope of implementation of preferential measures for professionals from Hong Kong and Macao to practice in the Mainland
10. Supporting the development of the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone (the Loop Area) by the Central People’s Government
11. Facilitating customs clearance of imported animal-derived biomaterials.

12. Relaxing the limitation on exporting Mainland human genetic resources to Hong Kong and Macao.
13. Preferential treatment on insurance regulation.
14. Supporting the development of Hong Kong and Macao insurance loss adjusting institutions in the Mainland.

15. Supporting bond market development in Hong Kong and Macao.

For details of the 15 measures benefiting Macao, please access the DSE website >Guangdong-Hong Kong-Macao Greater Bay Area>Central Government provides 15 new steps to support Macao's role in Greater Bay Area development.

## 4. Kimberley Process Certification Scheme implemented in Macao on 1 October

The Kimberley Process Certification Scheme for the international trade in rough diamonds is officially implemented in Macao on 1 October. Implementing the Scheme allows Macao to better play its role as a platform between China and Portuguese-speaking Countries (PSCs) and develop rough diamonds trade and jewelry industry by making use of the network established by the Mainland in combination with the gemstone raw material resources of PSCs, so as to take forward the transformation of Macao's manufacturing industry in the high-end and high value-added direction with a view to assisting in Macao's moderate economic diversification.

To comply with the requirements of the Scheme, the SAR Government formulated and promulgated Law No. 15/2019 - Law on Implementation of the Kimberley Process Certification Scheme for the International Trade in Rough Diamonds and its supplementary administrative regulation, Administrative Regulation No. 29/2019, both effective on 1 October.

Under the Law, economic activity operators

engaging in the import/export, transit, purchase/sale or transportation of rough diamonds in the Macao SAR are required to apply for an operating license from the Macao Economic Bureau (DSE) in advance. Operators are also required to apply for a license from the DSE for every import/export and transit of rough diamonds, plus a Kimberley Process Certificate for export.



Issue of the first operating license for rough diamond economic activities

## 5. Macao sees the import of the first batch of KP rough diamonds

Following the implementation of the Kimberley Process Certification Scheme (KPCS) in Macao, the first batch of rough diamonds, weighing some 600 carats, was successfully imported into Macao in compliance with the KPCS regulations on 28 November. The Macao Economic Bureau (DSE), Macao Customs and the importer carried out customs clearance and verification of Kimberley Process (KP)

Certificate for the rough diamonds by appointment, and confirmed that the batch of diamonds was successfully inspected and released under the established procedures. This marks a new page of Macao's rough diamonds trade.

The importer's representative stated that quite a number of Portuguese-speaking countries (PSCs) are sources of diamonds and gemstones, and that Macao

could make use of its connection with PSCs to facilitate enterprises in terms of logistics by providing a more convenient procurement channel, so as to optimize the diamond sales industry chain in the Guangdong-Hong Kong-Macao Greater Bay Area.

To date, the DSE has issued rough diamond operator licenses to 9 enterprises. A number of rough diamond importations/exportations have been carried out in Macao successively with smooth customs clearance.



The first batch of KP rough diamonds successfully passes the customs clearance and KP Certificate verification

## 6. WTO Workshop on Import Licensing and Notifications held in Macao

Co-organized by the Macao SAR Government and the World Trade Organization (WTO), the 3-day WTO Workshop on Import Licensing and Notifications successfully kicked off on 20 November. This Workshop had Dr. Wang Xiaodong, Counsellor at the Market Access Division of the WTO Secretariat, and Dr. Faustin Mukela Luanga, Head of the Asia and Pacific Regional Desk of the WTO Institute for Training and Technical Cooperation, as the guest speakers and was attended by a total of 50 representatives of various SAR Government authorities, including those under the Secretariat for Administration and Justice, Secretariat for Economy and Finance, Secretariat for Security, Secretariat for

Social Affairs and Culture and Secretariat for Transportation and Public Works.

Import licensing, which refers to measures imposed by separate customs territories that require certain goods to be subject to licensing prior to being imported, is a non-tariff measure allowed by the WTO. Members adopting such measures are required to notify their implementation to the WTO. Currently, the Macao SAR requires certain goods, such as animals and plants, fresh food, telecommunication devices, pharmaceuticals, motor vehicles, guns and ammunition to be licensed prior to being imported.

The WTO will update the import licensing website and database to increase the transparency in



The WTO Workshop on Import Licensing and Notifications is successfully held in Macao



WTO expert speakers deliver presentations on import licensing

import licensing and streamline the relevant notification system. To help Macao's relevant authorities to grasp the latest development and deepen their understanding of import licensing and the new notification system, the SAR Government and the WTO co-organized this Workshop featuring presentations delivered by experts from the WTO Secretariat.

In the first two days of the Workshop, the WTO representatives gave lectures on the overview of the Agreement on Import Licensing Procedures and the import licensing notification requirements under the WTO agreements. They also explained the notification procedures with the aid of in-class practices, gave an introduction on how to use the import licensing website and database and briefed on the annual questionnaire survey on import licensing procedures. The Workshop was held for 3 consecutive days, so as to deepen the understanding of import licensing and notification

system among the relevant SAR Government authorities.



Photo of DSE Deputy Director Chan Tze Wai with expert speakers from the WTO

## 7. Coordination meeting between the Central People's Government and the SAR Governments of Hong Kong and Macao on CITES implementation

Chaired by Chan Tze Wai, Deputy Director of the Macao Economic Bureau (DSE), and attended by a total of 28 representatives of the National Forestry and Grassland Administration, Ministry of Foreign Affairs, Office of the Commissioner of the Ministry of Foreign Affairs in Hong Kong, Office of the Commissioner of the Ministry of Foreign Affairs in Macao, Anti-Smuggling Bureau of the General Administration of Customs, Agriculture, Fisheries and Conservation Department of Hong Kong, Hong Kong Customs and Excise Department and DSE, the coordination meeting between the Central People's Government and the SAR Governments of Hong Kong and Macao on CITES

implementation convened on 26 November in Macao.

Apart from reviewing the work on CITES implementation in the previous year and business exchanges, the three parties also shared experiences, discussed the difficulties and drew on successful experiences in topics of common concern, including trade in specimens of species as personal or household properties, promotion at border checkpoints and public education and combating cross-border smuggling of endangered species, with a view to strengthening the capacity building with respect to CITES implementation and jointly combating illegal trade.



Coordination meeting between the Central People's Government and the SAR Governments of Hong Kong and Macao on CITES implementation

## 8. DSE launches adjustment of repayment for various assistance schemes

To assist and support small and medium-sized enterprises (SMEs) to address the economic downturn and ease their business pressure, the Macao Economic Bureau (DSE) launched the adjustment of repayment for various assistance schemes as a short-term measure on 15 November 2019.

Beneficiary enterprises of the SME Aid Scheme, Youth Entrepreneurs Aid Scheme and Special Assistance Scheme for SMEs Affected by Typhoon Hato that have not yet completed their repayment can apply for repayment adjustment at the DSE to lower the amount of the latest outstanding instalment of assistance repayment to 1,000 patacas, with the remaining balance to be repaid in equal instalments over the rest of the repayment period, so as to support SMEs to address the possible financial difficulties that may arise from the recent economic downturn.

The measure applies only to adjusting repayments due before 31 December 2020 and each beneficiary enterprise is allowed to apply for adjustment at maximum twice. It is not applicable

to enterprises that are having only the final instalment to repay, or to which the granting of assistance has been cancelled.

As of 18 December 2019, the three assistance schemes have in total received 256 applications for repayment adjustment, among which 236 have been approved, covering loans amounting to 6,772,418 patacas.



A press conference on adjustment of repayment for various assistance schemes is held on 15 November

## 9. 2019 meeting of the Guangdong-Macao Quality Inspection and Certification Task Force

The Guangdong-Macao Quality Inspection and Certification Task Force is formed of the Guangdong side, the Guangdong Province

Administration for Market Regulation, and the Macao side, led by the Macao Economic Bureau and composed of the Municipal Affairs Bureau



2019 meeting of the Guangdong-Macao Quality Inspection and Certification Task Force

and Macau Productivity and Technology Transfer Center, under the Framework Agreement on Cooperation Between Guangdong and Macao, with both sides aiming to promote their exchanges and cooperation in quality inspection and certification. Meetings of the Task Force are hosted annually by the two places in rotation, with the 2019 meeting convened in Zhuhai on 11 October. The two sides confirmed at this meeting to promote the importance of standardization, measurement, quality and testing and certification services in the Greater Bay Area and to bring the information interconnection and sharing between Guangdong and Macao into play under the advantage of

early and pilot implementation with a view to contributing to the development of an international-class bay area. Members of the Macao side also gave an introduction on the test sample delivery agent service and the Macao Quality Product Certification Scheme. Cooperation within the Task Force in quality, standard, measurement and certification was concluded, and the direction of cooperation in the next stage was discussed at the meeting. The attending representatives also visited the Zhuhai Quality Measurement and Inspection Institute (State Centre) and listened to the presentation on the latest development of the Hengqin New Area delivered by the Guangdong side.

## 10. The 3<sup>rd</sup> China Quality Conference convenes in Shenzhen

Jointly hosted by the State Administration for Market Regulation, People's Government of Guangdong Province and People's Government of Shenzhen Municipality, the 3<sup>rd</sup> China Quality Conference convened in Shenzhen between 5 and 6 December with a view to taking forward the quality and efficiency enhancement and upgrading and deepening international exchanges on quality. Being the lead authority of the Guangdong-Macao Quality Inspection and Certification Task Force under the Framework Agreement on Cooperation Between Guangdong and Macao, the Macao Economic Bureau organized the participation of local government authorities and industry representatives in the event. Jia Weijia, Deputy Director of the State Key Laboratory of Internet of Things for Smart City and one of the representatives, was invited to speak at the experts dialogue session of "Greater Bay Area and Pilot Demonstration – Promote Regional High-Quality Development" at the Conference.

Themed "Quality, Evolution, Sharing", the Conference featured discussions on topics such as promoting the realization of high-quality development, exchanging practical experiences in

high-quality development, improving international quality cooperation mechanism and strengthening the global quality governance system. The Conference, which had three sub-conferences themed "Greater Bay Area and Pilot Demonstration – Promote Regional High-Quality Development", "Smart Manufacturing Quality Management Innovation – Quality Symbiosis, Control and Sharing in the Global Industry Chain" and "Transformation and Application of National Quality Basis", invited renowned domestic and foreign experts and entrepreneurs to deliver speeches and interact with participants.

Furthermore, the Conference released at its closing ceremony the "Shenzhen Declaration on Quality", which advocates to face the future, enhance quality and share quality with a view to promoting international quality cooperation and advancing global quality development.

The representatives of Macao included: University of Macau, Municipal Affairs Bureau of Macao, Macao Productivity and Technology Transfer Center, Macao Chamber of Commerce, Industrial Association of Macau and Macau Laboratory Technologist Association, among



The 3<sup>rd</sup> China Quality Conference convenes in Shenzhen



Group photo of the representatives of Macao at the conference venue

others. They concurred that the event allowed them to acquire a deeper understanding of the current trend in international quality development and learn the experiences of the Guangdong-Hong Kong-Macao Greater Bay Area in enhancing

high-quality management, which would help the business sector of Macao to actively take forward the further integration between quality and industry, so as to promote the high quality- and innovation-oriented development of Macao's industries.