

## **CEPA Newsletter ♦ August 2005 ♦ Issue no. 11**

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### **Editor’s Notes**

The registration for the “2005 National Judicial Examination” was concluded last month, with a total of 36 Macao residents registering to sit for the examination. Qualified Macao examinees will take part in the examination at the Legal and Judicial Training Center in Macao on 17<sup>th</sup> and 18<sup>th</sup> September.

Recently, the Ministry of Commerce and Macao SAR Government have been actively engaged in the consultations of CEPA III. With respect to trade in goods, all products of Macao origin can enjoy zero tariffs benefit upon exporting to the Mainland from 1<sup>st</sup> January of next year. Both sides are now exchanging opinions and discussing the products list and the Rules of Origin of relevant products. On the front of Trade in Services, market access thresholds of 26 already-opened service sectors will be further relaxed.

In this round of consultation, the main focus will be on Trade and Investment Facilitation. Since the implementation of “CEPA”, the Mainland and Macao have made tremendous efforts in the sphere of Trade and Investment Facilitation. To ensure smooth implementation of CEPA, The Ministry of Commerce and the General Administration of Customs will hold a “Forum on Trade and Customs

Facilitation under CEPA” in August in Guangzhou to exchange views on the efficiency of custom clearance under CEPA.

### **1. Senior Officials from Beijing and Macao discussed the contents of CEPA III**

Further to the first CEPA Senior Official Meeting organized at the end of May in Beijing, officials from the Mainland and Macao SAR gathered in Macao for the second Senior Official Meeting to discuss CEPA III at the end of June.

The meeting mainly focused on the zero tariffs products list in CEPA III, as well as the work plans for Trade and Investment Facilitation. During the meeting, representatives from Macao explained the implementation of trade in goods, trade in services, as well as trade and investment facilitation after the Supplement to “CEPA” was signed. Amid the meeting, Macao delegates also tabled the product list for CEPA III proposed by local business communities. The list consisted of 91 items of products that have already been produced or will be produced in Macao.



Senior Officials from Beijing and Macao discussed CEPA III

During the meeting, delegates from both the Mainland and Macao exchanged opinions on plausible ways to strengthen the cooperation on trade and investment facilitation with a view to enabling investors from both sides to develop their businesses in a more effective manner. In addition, both sides agreed to launch consultations on opening further sectors in trade in services under CEPA III in the near future.

### **2. Officials from the Ministry of Commerce elaborated in an explanatory session the “Interim Measures for the Administration of Textiles Exports” in Macao**

Invited by Macao Economic Services, Mr. Sun Jiwen, the Vice Secretary of the Department of Foreign Trade of the Ministry of Commerce, together with other Mainland officials, attended the seminar on the “Interim Measures for the Administration of Textiles Exports” in Macao on 20<sup>th</sup> July, 2005, when the Measures are implemented in Mainland China on the same day. The target audiences of the seminar were mainly Macao enterprises that have manufacturing premises in the Mainland.



Officials from the Ministry of Commerce and the Acting Director of the Macao Economic Services answered questions from participants

During the seminar, Vice Secretary Sun stated that “the Measures” were aimed at governing the orderly imports and exports of textiles in the process of implementing the Memorandum of Understanding on textiles and garments between China and the European Union. The Measures stipulated the principles of quota distribution. Also, in the Measures applicant enterprises are qualified to apply for the quotas after their records of the exports of restricted products to the European Union within period from 1<sup>st</sup> June, 2004 to 31<sup>st</sup> May, 2005 were examined. Then the actual quotas allotted will be

based on the export performances of the enterprises. In addition, 5% of the total temporary export volume of the country will be set aside as buffer for the new enterprises that are not allotted with the applied quotas.

The Ministry of Commerce has already announced the total amount of quotas of the country for 10 textiles items to be exported to the E.U during the first round of distribution. The announcement for the second round quota distribution will come as earliest as the end of August. Mr. Sun Jiwen stated that the E.U. has imposed restrictions on China textiles to be exported to E.U. from 11<sup>th</sup> June, and the “Measures” were implemented in China after 20<sup>th</sup> July. Therefore, the announcement for the second round of quota distribution can only be made when the exports volume of the restricted products during the period between 11<sup>th</sup> June and 20<sup>th</sup> July are to be deduced from the actual exports volume to the E.U.

If manufacturers have any queries about the “Measures”, they may contact the Quota Licensing Bureau of the Ministry of Commerce or to the Department of Foreign Trade under the Ministry of Commerce for further information (Tel: 86-10-651971420)

For more information about the Measures, please refer to the website of the Ministry of Commerce:

<http://www.mofcom.gov.cn/aarticle/bi/200507/20050700174994.html>

<http://www.mofcom.gov.cn/aarticle/b/e/200507/20050700152444.html>

<http://www.mofcom.gov.cn/aarticle/b/e/200507/20050700155508.html>

<http://www.mofcom.gov.cn/aarticle/b/e/200507/20050700170770.html>

### **3. Macao delegates introduced development opportunities brought about by CEPA to representatives of the European Union**

The 11<sup>th</sup> EU – Macao Joint Committee Meeting was held in the capital of Belgium, Brussels, on the 2<sup>nd</sup> June, 2005.

In the meeting, the Secretary for Administration and Justice of Macao SAR, Ms. Florinda da Rosa Silva Chan, briefed on the recent economic developments in Macao, introduced the contents and implementation of CEPA in different areas, and summarized the results attained. The E.U. representatives were amazed at the meteoric growth of Macao's economy and were convinced that they could take advantage of Macao's role as a springboard to the enormous Mainland



The Secretary for Administration and Justice of Macao SAR, Ms. Florinda da Rosa Silva Chan, led the Macao delegation to attend the 11th EU – Macao Joint Committee Meeting. (Courtesy photo from the Government Information Bureau)

market. In addition, the representatives from both sides summarized the trade and legal cooperation in the previous year, touching upon topics of the Generalized System of Preferences (GSP), and protection of intellectual property. Both sides agreed to strengthen the promotion of trade and investment in the two places, and to launch projects on legal training in the future. During the discussion, the EU representatives also praised Macao for their efforts in implementing the Basic Law and abiding by the 'One Country Two Systems' policy after the handover.

In the meeting, Macao was represented by delegates from various government departments, including Eng<sup>o</sup>. Raimundo Arrais do Rosário, the Director of the Macao Economic and Trade Liaison Offices in the E.U., Mr. Jorge Costa Oliveira, Director of the Macao International Law Office, Ms. Oriana Drummond, Assistant Representative of the Office to the European Union, Ms. Tchiang Maria Van Kei, Advisor in the Office of the Secretary for Administration and Justice, Ms. Jeong Pou Yee, Deputy-Director of the Macao Economic Services, and Mr. Cheung Kam Wah, Assistant Director of the Macao Immigration Services of the Macao Public Security Police Force.

#### **4. The 2nd Forum of Mayors of Provincial Capitals in the Pan-Pearl River Delta Region was Held in Fuzhou City, Fujian Province**

The 2nd Forum of Mayors of Provincial Capitals in the Pan-Pearl River Delta Region was held on 26<sup>th</sup> May, 2005 in Fuzhou City, Fujian Province. The theme of the forum was pitched as "strengthening cooperation on trade and investment among the Provincial Capitals in the Pan-Pearl River Delta Region, and promoting the establishment of cross-strait economic zones and trade cooperation with Taiwan". The Director General of the Department of Taiwan, Hong Kong and

Macao Affairs of the Ministry of Commerce, Mr. Wang Liaoping, addressed the Forum that since the implementation of CEPA, the volume of zero-tariffs products exported to the Mainland under CEPA has reached, until the end of April this year, a total round HK\$1,600,000,000, with tariffs exemption of more than RMB200,000,000. Moreover, a total of 900 Macao Service Supplier Certificates were issued in Hong Kong and Macao. On the front of Individual Traveler Scheme, the Mainland



The Director General of the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce, Mr. Wang Liao Ping, spoke in the Forum.

authorities have issued 13.8 million visas for individual travelers to Hong Kong and Macao. He also mentioned that the consultations on CEPA III would be launched in an orderly way. In conclusion, he hoped that the cooperation within the Pan-Pearl River Delta Region could be strengthened, especially the cooperation among Beijing, Hong Kong, and Macao, as well as the cooperation among Guangdong, Hong Kong and Macao. By this means, full potential arising from the regional cooperation among the Mainland, Hong Kong and Macao can be reached so as to realize complementary development of these places.

**5. ‘Symposium on WTO Laws and Policies’ was held in Macao**

The Faculty of Law of the University of Macau organized a “Symposium on WTO Laws and Policies” on 17<sup>th</sup> June. The Deputy Director of Macao Economic Services, Ms. Jeong Pou Yee, briefed on the current economic development of Macao and the implementation of CEPA. She pointed out that the rapid economic development of Macao in the recent years has allured a lot of foreign investors to seek for business opportunities in the enclave. Driven by CEPA, high value-added products can be developed and local industries can be diversified. Against this background, Macao’s competitive edges have taken shape, helping to bolster Macao’s role as a trade and investment service platform.



Keynote speakers took photos in the symposium.

Also participating in the Symposium were Mr. Jorge Oliveira, Director of the International Law Office, Mr. Henry Gao, Professor in the Faculty of Law of the University of Hong Kong, Mr. José Luis de Sales Marques, President of the Institute of European Studies of Macao, and Ms. Rita Santos, Director of the Supporting Office to the Secretariat of China and Portuguese-Speaking Countries Economic Cooperation

Forum (Macao). During the Symposium, they shared their views on the influence of WTO Laws and Policies on Macao. They then came to a conclusion that with the free trade policies that WTO



advocates, Macao should explore the possibility of cross-border betting to facilitate the development of gaming industry in Macao.

**6. Representatives from Macao Economic Services attended ‘The 61st Session of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP)’, introducing Macao’s development and CEPA**

The 61<sup>st</sup> Session of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) was held from 12<sup>th</sup> to 18<sup>th</sup> May this year in Bangkok, Thailand, with the theme of ‘Implementing the Monterrey Consensus in the Asia-Pacific Region to ensure coherence and consistency’. Ms. Jeong Pou Yee, Deputy Director of Macao Economic and Services, introduced the development of Macao in the 6 years after the handover. She also talked about the rapid development in Macao propelled by the individual traveler scheme under CEPA. In addition, she mentioned that under trade in goods, local manufacturers could make use of the opportunities arising from CEPA to develop local brands and high value-added products. On the front of trade in services, Macao service suppliers were bestowed with a head-start to enter the Mainland market. All of these benefits in general can help promoting the balance and sustainable development of Macao’s industries. Furthermore, CEPA has also played a prominent role in the area of trade and investment facilitation in terms of fortifying the cooperation between the Mainland and Macao.



Representatives from the Social Welfare Bureau, the Statistics and Census Bureau, and Macao Economic Services attended the Session

Apart from the representatives of Macao Economic Services, the Deputy Director of Social Welfare Bureau, Mr. Iong Kong Io and the Acting Director of the Statistics and Census Bureau, Ms. Kong Pek Fong also took part in the session.

**7. Interview with Mighty Ocean Shipping Ltd., a leading logistics operator in Macao, about CEPA**

Since CEPA has come into force in 2003, many local enterprises, most of them in the transportation and logistics service sectors, have obtained the Macao Service Supplier Certificates. However, only a handful of them actually set up establishments in the Mainland. In general, most enterprises comment positively on CEPA. Yet they also expressed that before they can start businesses in the Mainland, they are faced with numerous difficulties, such as high market access thresholds,

complicated application procedures and restricted scopes of operation, which are huge turn-offs for investors.

In this issue of CEPA Newsletter, Mighty Ocean Shipping Ltd., a prestigious locally based enterprise that engages mainly in international shipping, international inter-modal transportation, custom declaration and custom clearance services, was interviewed. Currently, Might Ocean Shipping have 25 joint-ventures enterprises and offices in the Mainland, locating in the western region of Pearl River Delta, such as Zhuhai, Zhongshan, Foshan, Shunde, Jiangmen and Shenzhen. All of these offices were established before the implementation of “CEPA”.

Mr. Lo Tong Hoi, Director of Mighty Ocean Shipping and the Vice Chairman of the Association of Maritime Transport and Shipping Agency in Macao, talked about his opinions on the implementation of CEPA and his experiences of running a business in the Mainland. Mr. Lo pointed out that the Central Government has been implementing CEPA in a positive and enthusiastic manner with an aim to promote economic and trade development between the Mainland and Macao. However, in the last one and a half years, the progress of CEPA implementation is far from satisfactory. He believed that although the Central Government strived to promote CEPA, the business scopes of the service sectors covered by CEPA is not broad enough. For instance, only the international freight forwarding agency services and local logistics services are opened up for foreign investment under CEPA, and the limited services allowed to provide could not meet the demand of Macau’s logistics operators. He thought that taking into consideration of the security and economic development policies of the Mainland, the Central Government should allow Macao and Hong Kong enterprises to establish wholly-owned international shipping agencies and international logistics agencies. Also, with regards to the problems of the extremely high registered capital requirement and the annual examination on registered capital, Mr. Lo suggested that enterprises should be allowed to increase their capital by installments. Furthermore, only the amount of investment and operational facilities should be categorized in order to administer the business scopes of foreign enterprises.