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Editor’s Note:

Consultations on the fifth phase of CEPA have started between the Mainland and Macao. All suggestions from the business communities have been collected and reported to the Mainland, with hopes that cooperation in trade between the Mainland and Macao can reach a new height in the future.

The “2007 Guangdong-Macao Logistics Cooperation Conference” was held in Macao and attended by approximately 50 representatives from Governmental departments overseeing the logistics industry and its market development in the Pearl River Delta Region, as well as the leading enterprises in the Guangdong logistics sector. Guangdong participants engaged in vehement discussions with Macao logistics operators on the prospects for cooperation.

To reinforce the protection of limited resources and to reduce the damages caused by the exploitation of natural sand to the environment, from 1st March 2007, the Mainland will impose restrictions on the exportation of natural sand. However, to support the development of Macao’s economy, Mainland China allowed the exportation of natural sand to Macao along with export licenses under the framework

of CEPA and in accordance with the regulations stipulated in the “The Mainland and Macao Trade Co-operation Mechanism on Natural Sand”. In this regard, Macao Economic Services organized a conference to explain the relevant measures and procedures to apply for the “licenses”.

1. The first 2007 CEPA Senior Official Meeting was held under the framework of Joint Steering Committee

In accordance with the “CEPA”, the Joint Steering Committee held the first Senior Officials Meeting of the year on 23rd March at the Macao Business Support Centre. Representatives from both the Mainland and Macao consulted on the promotional measures for bilateral trade and investment cooperation between the Mainland and Macao in CEPA V.

The Meeting was attended by the Mainland delegation, which was led by Mr. Sun Tong, Vice Director, Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce of People’s Republic of China, and its Macao counterpart, which was led by Ms. Lok Kit Sim, Chief of Office of Secretariat for Economy and Finance. Both sides exchanged opinions on the situations of several liberalized service industries. In the meeting, both sides agreed to first discuss new content for cooperation in CEPA V, review the liberalization measures implemented during the past four phases later, and clarify the relevant laws and regulations so as to implement CEPA and make most of its benefits.



Senior Officials of the Mainland and Macao exchanged views in the meeting.

According to CEPA and its three Supplements, from 1st January 2007, a total of 648 kinds of Macao-made goods can be exported to the Mainland tariffs-free under the agreements on Trade in Goods. Regarding Trade in Services, Mainland has relaxed the entry requirements for 27 service industries for Macao services suppliers. Moreover, measures in 8 areas of Trade And Investment Facilitation Cooperation help to

create a nurturing business environment for movement of goods between Macao and the Mainland, and enable Macao industries with development potential to seek for more complementary cooperation opportunities with companies in the Mainland.

2. The First Guangdong-Macao Logistics Cooperative Conference was Held in Macao

Under the framework of CEPA, the Economic and Trade Commission of Guangdong Province and Macao Economic Services co-organized the “2007 Logistics Cooperative Conference” in Macao on 29th and 30th March to promote the development of the logistics industries in both places. The Guangdong logistics delegation, consisting of 50 representatives from Governmental Economic Departments overseeing the logistics industry and its market development in the Pearl River Delta Region, as



Guangdong delegates paid a visit to a Macao logistics company



The Guangdong delegation took photos with the officials of Macao Economic Service in the opening ceremony of the Conference.

well as the leading enterprises in the Guangdong logistics sector, was led by Mr. Liu Xiajie, Vice Director of the Economic and Trade Commission of Guangdong Province. On the side of Macao, around 100 representatives invited by Macao Economic Services from related government departments and local logistics sector also attended the conference.

The two-day exchange activities included mainly site-visits and a logistics forum, with a hope that through these various interactive activities, the relation among the government departments and logistics operators from both sides could be strengthened. In the afternoon of 29th March, 2007, the Guangdong delegation was arranged first to visit logistics infrastructure in Macao, including the cargo terminal in the Macao International Airport, the construction works of the Airport logistics warehouse in the South Parking Apron, the Deep-Water Port in KaHo, the warehouse of Nam-Kwong Sai Tung Logistic Limited and the logistics



Mr. Liu Xiajie, Vice Director of the Economic and Trade Commission of Guangdong Province, exchanged souvenirs with Mr. Sou Tim Peng, Acting Director of Macao Economic Services in the opening ceremony.

facilities of Dah Chong Hong Macau Logistics Warehouse Co. Ltd.

The main focus of the conference – the Logistics Forum, was held in the morning of 30th March, 2007 at the Convention and Exhibition Centre of Fisherman’s Wharf. Mr. Liu Xiajie, the Vice Director of the Guangdong Provincial Economic and Trade Commission, and Mr. Sou Tin Peng, Acting Director of the Macao Economic Services, delivered opening speeches. They emphasized that the logistics industry was one of the most important areas for cooperation under CEPA. In the future, both Guangdong and Macao would strive to promote communication and exchange between the logistic industries in the two places with an aim to setting the stage for further development and to nurturing an internationally competitive Guangdong – Macao logistics system.

In the Forum, officials from Government Departments overseeing the logistics industry, experts, and representatives of the industry from Guangdong and Macao introduced the current situation of the logistics sectors in the two places and opportunities for further development in the future. The conference also provided in-depth analysis on future cooperation between the logistic industries of Guangdong and Macao.

After the Forum, Macau Economic Service hosted a lunch banquet at the Fisherman’s Wharf, allowing participants to further communicate and exchange ideas on the margins of the forum. Delegations from both Guangdong and Macao agreed that the Conference was crucial for strengthening the communication on policies as well as seeking mutually beneficial development opportunities from both sides. In the future, they will continue to promote visits and exchanges in the two places.

3. Annual Product Safety Meeting between the AQSIQ and Macao Economic Services

Annual Product Safety Meeting was held on 15th March, 2007 by the General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China (AQSIQ) and Macao Economic Services in Hefei, Anhui. The meeting was presided over by Mr. Wang Xin, the Chief Secretary of the Department of Supervision on Inspection of AQSIQ and Mr. Sou Tim Peng, Acting Director of the Macao Economic Services. During the meeting, both sides engaged in thorough discussions on how to further strengthen cooperation between China and Macao in

the area of product safety.

According to “the Arrangement of Co-operation in Product Safety and Origin” signed in April 2004 by AQSIQ and Macao SAR Government, the two sides would establish a special product safety work group to follow up future implementation. In this regards, the annual meeting between AQSIQ and the Macao Economic Services was held on the basis of the Arrangement.



The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) and Macao Economic Services held the Annual Product Safety Meeting in Hefei, Anhui.

During the meeting, both sides agreed to intensify their cooperation on communication, collaboration and exchange of relevant information on consumer products, such as household electrical products, clothing, footwear, hats, toys, etc. Also, they will facilitate exchange of opinions among experts, scholars and relevant law enforcement personnel in both places on various levels and arrange to hold more technical exchanges and training programs. Furthermore, both sides will engage in more extensive exchanges and communication on topics including laws and regulations, safety standards, market access, market supervision, product safety testing, etc. Furthermore, both sides reached an consensus to establish and improve the mechanisms for notification of unsafe products and for investigation and feedback on sub-standard products.

Aside from attending the Annual Product Safety Meeting, the delegation of AQSIQ and Macao Economic Services also visited the Huangshan Bureau of Quarantine and Inspection.

4. The Macao Economic Services held an explanatory session giving details on the End-User Certificates for the Importation of Natural Sand

With the purpose of reinforcing the protection of limited non-replenish resources, as well as limiting the damages to the environment due to the exploitation of natural sand, the Ministry of Commerce and the General Administration of Customs of the People's Republic of China announced that from 1st March, the Mainland would impose restriction on the exportation of natural sand. However, in order to support the

development of Macao's economy with concerns on the shortage of natural resources in the Macao SAR, the Mainland has conceded export licenses of natural sand to Macao under the framework of CEPA and in accordance with the regulations of the "The Mainland and Macao Trade Co-operation Mechanism on Natural Sand", which was implemented on 25th March, 2007.

To enable local businesses to have a better understanding of the relevant procedures regarding the importation of natural sand, on 8th March, Macao Economic Services held an explanatory session of "End user certificates for the importation of natural sand" at the Lecture Hall of the Head Office of the Macao Productivity and Technology Transfer Center. The session explained in details about the management measures, the certificate application procedures of the export license and other relevant issues.



Representatives of Macao Economic Services explained the procedures for importing natural sands.

The Certificate is be classified into two categories: for construction projects and for retailing. Macao natural sand users can apply for an export license to relevant Mainland authorities after obtaining the End-User Certificate for the importation of natural sand from Macao Economic Services, together with contracts signed by exporters in the Mainland. In case that the importers are not the end-users, the importers have to submit a certificate of

entrustment signed by the end-user to Macao Economic Services, and declare not to re-export the imported natural sand. Furthermore, retailers must submit a properly completed "Natural Sand Sales Record Sheet" within the first 15 days of each quarter to Macao Economic Services.

To apply for the "End user Certificates for Importation of Natural Sand", please contact the Reception of Macao Economic Services.

Address : Rua Dr. Pedro José Lobo, No. 1-3 , 2/F, Macao

Tel : 5972 637, 5972 619

The application form for the Certificate can be downloaded at: http://www.economia.gov.mo/public/docs/ET_DAF/forms/tc/cufani.pdf

The Sales Record Sheet can be downloaded at:

http://www.economia.gov.mo/public/docs/ET_DAF/forms/tc/rvan.pdf

For detailed information on the “Mainland and Macao Natural Sand Trade Cooperation Mechanism”, please visit the Ministry of Commerce website:

<http://tga.mofcom.gov.cn/accessory/200703/1172814274411.doc>

5. The Annual CEPA Trade in Goods Meeting was held in Beijing



Officials from the Mainland General Administration of Customs and Macao Economic Services engaged in consultation in the meeting.

Representatives from the Mainland General Administration of Customs, the Ministry of Commerce, the Ministry of Finance and the Macao Economic Services held a meeting on 12th April in Beijing regarding the rules of origin of the Macao-made products to be included in the CEPA zero tariffs product list for the first half of 2007. In the meeting, representatives from the Mainland and Macao had in-depth analysis and discussion on the products eligible for

zero tariffs treatment for the first half of 2007, and had reached a preliminary consensus on the rules of origins of the products. Further details will be formally announced in the future.

Moreover, from 1st April, 2007, the CEPA rules of origin for the zero-tariff product “Decaffeinated Roasted Coffee” (2007 tariff code: 0901 2100) has been amended as follows:

- 1) beginning from the manufacturing of coffee beans, the principal processes are roasting and grinding. If mixing is required, this must also be done in Macao; or
- 2) beginning from the manufacturing of coffee beans, the principal process is roasting, which needs to correspond to the required percentage of total costs.

For further information, please refer to the Macau Economic Service website:

http://www.economia.gov.mo/public/docs/CEPA_TIG/index/tc/roasted_coffee_c.doc

6. The Macao Economic Services organized a “Seminar on Development of Macao Companies under the Eleventh Five-Year Plan of the People’s Republic of China”

Macao Economic Services organized a “Seminar on the Development of Macao Companies under the Eleventh Five-Year Plan of the People’s Republic of China” on the 28th March, 2007 with an aim to allowing Macao enterprises to have a better understanding on the opportunities provided and challenges that they will be faced under the Plan.

Mr. Chai Hai Tao, Supervisor of the Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce, Mr. Liu Ben Li, Chairman of the Macao Association of Economic Sciences, and Prof. Feng Xiao Yun, member of the Policy Planning Expert Team were invited to brief on topics including: “Introduction to the Eleventh Five-Year Plan of the People’s Republic of China”, “Impact of the Eleventh Five-Year Plan and Its Effects on Macao Industries”, and the “The Eleventh Five Year Plan in Guangdong”.



Director and Deputy Directors of Macao Economic Services took photos with the guest speakers in the Seminar

7. The transitional period for the application of “Computer Information System Integration Qualification Certification in China” has been extended for one year

Benefited from the expansion of the liberalization of information technology services in CEPA II, qualified Macao IT service suppliers can apply for qualification certification in accordance with relevant laws of the Mainland. Due to the different business environments in Macao and the Mainland, the SAR Government has consulted with the Mainland and has devised a series of transitional arrangements to facilitate the application of Macao IT service suppliers for the aforementioned qualification certification. During the transitional period from the 1st April, 2006 to 31st March, 2007, a series of preferential arrangements were rolled out for Macao IT service suppliers, such as a reduction in requirements on registered capital, a reduction in the requirements on the total value of the projects completed in the Mainland, as well as less stringent qualification requirements for technicians. These

measures are believed to facilitate Macao service suppliers to obtain the Qualification Certification by entering the market first and solidifying their operation base later so as to be able to develop in the Mainland as soon as possible.

Since Macao service suppliers are still adapting to the special arrangements for the qualification certification, it will take a longer time for them to be familiar with the details of the arrangements. Therefore, the Macao SAR Government has proposed an extension of the transitional period to the Ministry of Information Industry, which later agreed to allow a one-year extension of the period from 1st April, 2007 to 31st March, 2008. During this period, the application procedure and the assessment criteria will remain the same as required before.

For further details, please refer to the following websites:

Ministry of Information Industry

<http://www.ceecm.gov.cn/news/readNews.asp?docID=136&classid=3&page=1>

Macao Economic Services

http://www.economia.gov.mo/web/DSE/public?nfpb=true&_pageLabel=Pg_CEPA_TIS&locale=zh_MO

Bureau of Telecommunications Regulation

http://www.dsrt.gov.mo/chi/Facts/sicert_index.html