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Editor’s Notes:

Since CEPA was implemented, its benefits and effectiveness have been widely recognized by the local business community. With regard to trade in services, Macao enterprises have already set up businesses in several major cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Zhuhai and Zhongshan upon getting the Macao Service Supplier Certificates. On the front of trade in goods, Macao’s first batch of coffee beans included in the product list of CEPA II enjoyed zero tariffs when exported to the Mainland on 19th May. In addition, the list of products to be included in CEPA III has been submitted to the Ministry of Commerce of the People’s Republic of China and the consultation of CEPA III will begin very soon. Macao Economic Services not only continue to strengthen communication and cooperation with the relevant departments in China on trade facilitation policies, but also constantly invites officials from relevant governmental departments in China to give talks on policies regarding trade and investment facilitation and preferential treatment. With respect to the liberalization of medical and dental services under CEPA II, the Macao Health Bureau held an explanatory session on the “2005 National Qualification Examination for Physicians” in order to facilitate Macao physicians who were granted the National Qualification for Physicians to develop their practices in the Mainland.

1. Export tariffs is exempted upon obtaining the “Outward Processing Arrangement Certificate” issued by Macao Economic Services

In accordance with the “Mainland and Macao Closer Economic Partnership Arrangement” (CEPA), the Ministry of Commerce of the People’s Republic of China announced that in order to alleviate the impact on Macao’s clothing sector due to the export tariffs imposed by the Mainland on textiles products, export tariffs would be exempted for Macao textiles that were processed in China and had obtained a Macao Certificate of Origin from 10th June, 2005. In this regard, Macao Economic Services organized an explanatory session to give details on relevant issues to the local business community at the Macao Chamber of Commerce on 3rd June.

Manufacturers can apply for the “Outward Processing Arrangement Certificate” from Macao Economic Services by Electronic Data Interchange (EDI) or in paper form starting from 7th June, 2005. After confirmation of the application details and the subsequent issuance of the “Outward Processing Arrangement Certificate” by Macao Economic Services, manufacturers are then exempted from export tariffs for textile products exported to China.



Senior Officials from Macao Economic Services explained the relevant implementation procedures regarding the tariffs exemption on textiles for outward processing in the Mainland

Applicants should note that from 1st August, 2005, all the applications should be submit via EDI (electronic data interchange). For any inquiries, please contact Mr. Yu at 5972328 or Mr. Wong at 5972338 of the Certificate of Origin Issuance Division of Macao Economic Services.

2. The first batch of coffee beans in the product list of CEPA II were exported to the Mainland

On 19th May, the first batch of Macao-made coffee beans, in compliance with the requirement in Supplement I to CEPA, enjoyed CEPA zero-tariff preferential treatment and was exported to the Mainland through the Lotus Bridge Checkpoint in Cotai.



Some of the zero-tariff exports of Tan Heong San Coffee Company (“Honolulu Enterprises Ltd”)

Sharing the experiences on the development of his business through CEPA, the Executive Manager of “Tan Heong San Company”, Mr. Sam Leung said in our interview that they had been conducting market research in the Mainland for 4 to 5 years and had learnt that there was a great demand for coffee. For this reason, the company started to wholesale processed coffee beans to the Mainland. However, aside from a tariff rate of nearly 20% in the past, there was also a big problem concerning the valuation of coffee beans by the relevant departments in China. As the estimated value of the goods was much higher than the actual value, the tariffs paid would also be higher. In addition to the tariffs, a 17.5% value-added tax was also imposed, causing a sharp increase in the export costs to China and thus hindering development of the company in the China market. Now, the company enjoys zero-tariffs (the 19.2% tariff has been exempted) on coffee exported to China. Also, the problem of overvaluation has been improved, as cargo value is shown on customs statements, to which the relevant departments can refer when estimating the value of the goods. Mr. Leung believed that the Mainland market will become a new growth area after the implementation of the zero-tariff policy.

When sharing his experiences in business development, Mr. Leung pointed out that coffee beans processed in Macau had not been included as zero-tariff goods during CEPA I. Last year, the company submitted an application to include this product in the CEPA II product list. Their case is a perfect example for local companies to take the initiative to seize business opportunities. The company has already registered their brand name and trademark in China in order to ensure product quality and to maintain a good reputation for the company, so that the Mainland customers would be more confident in products coming from Macao. He commented that companies should pay much more attention to nurturing talent and appropriately increasing investment on production facilities. Before entering the Mainland market, different kinds of market research must be conducted in order to understand the market demand, as well as to assure the return of the investment.

3. Beijing officials came to Macao for an explanatory session with regard to the policies on investing in Beijing under CEPA

Beijing officials were invited by Macao Economic Services to introduce policies for investing in Beijing under the CEPA at the Macao World Trade Centre on 27th April.

Mr. Zhang Jifu, Deputy Director of the Beijing Investment Promotion Bureau pointed out that although mutual investment between Beijing and Macao was not significant and there is great investment potential in Beijing for Macao's service industries. In recent years, rapid development in Beijing's service industry has been sighted, accounting for approximately 60% of Beijing's GDP, but the service level is generally relatively low. Macao service industry, on the other hand, has reached international standards, especially in the tourism, exhibition and conference, food and beverages, hotel, entertainment and real estate sectors. Therefore, there is great potential for cooperation between the two places under CEPA. As Macao companies were not familiar with the registration procedures for setting up businesses in Beijing, officials from Beijing came to Macao to give further details to the local industries. Indeed, due to the simplification of the registration process as a result of the implementation of CEPA, the registration procedure has been shortened to just 10 days.

Mr. Tai Kin Ip, Acting Deputy Director of Macao Economic Services said that the reasons for inviting the delegation from the Beijing Investment Promotion Bureau, the Beijing Bureau of Commerce and the Beijing Administration for Industry and Commerce to Macao were to explain the facilitation measures, preferential policies and the investment environment in Beijing. After the implementation of CEPA, Macao Economic Services received 53 applications last year and issued 182 Macao Service Supplier Certificates. Companies that obtained the certificates were mainly involved in the freight forwarding, transport, warehousing, logistics, telecommunications, as well as the advertising and retail sectors. 23 Macao Service Supplier certificates had been issued by the end of April this year, with the Convention and Exhibition Services sector and the legal services sector being the two industries granted the CEPA certificates lately.



(From left to right) Mr. Yao Sheng, representative of the Beijing Administration for Industry and Commerce, Mr. Su Hong, Director of the Department of Large Scale Activities of the Beijing Investment Promotion Bureau, Mr. Tai Kin Ip, Acting Deputy Director of Macao Economic Services and Mr. Le Yapig, Deputy Director of Beijing Investment Promotion Bureau. (Courtesy photo from the Government Information Bureau)

Mr. Su Hong, Director of the Department of Large Scale Activities of the Beijing Investment Promotion Bureau, Mr. Li Yaping, Deputy Director of the Beijing Foreign Investment Promotion Bureau of Commerce, and Mr. Yao Sheng, representative of the Beijing Administration for Industry and Commerce, were invited to introduce business opportunities in Beijing and explain legal regulations for setting up foreign investment enterprises and company registration procedures in Beijing under CEPA.

They emphasized that any investment and development in Beijing must comply with its urban planning, which can be summarized in the following three steps:

- 1) It should be authorized by the Beijing Municipal Commission of Development and Reform according to the “Law of the People’s Republic of China on Foreign Capital Enterprises”;
- 2) The Beijing Municipal Bureau of Commerce must approve contracts and articles of incorporation, in accordance with the laws, as well as specific rules and regulations;
- 3) Companies must register with the Beijing Administration for Industry and Commerce.

Relevant websites:

Beijing Investment Promotion Bureau: www.investbeijing.gov.cn

Beijing Administration for Industry and Commerce: www.baic.gov.cn

4. Briefings on export and import declaration and customs clearance procedures in the Mainland under CEPA



Mainland officials and the senior officials of the Macao Economic Services explained various export procedures and other relevant issues.

In order to enhance the development of trade in goods under CEPA, to strengthen Macao business community’s knowledge of the operation of the Mainland Customs and relevant import and export declaration and clearance procedures, and to promote the development of trade and economic relations between the Mainland and Macao, Macao Economic Services, along with the Gongbei Customs held the “Briefings on Export And Import Declaration and Customs Clearance Procedures in the Mainland Under CEPA” on 19th

April, 2005 at the Macao Chamber of Commerce.

Mr. Tai Kin Ip, Acting Deputy Director of the Macao Economic Services said in the Briefing that Macao Economic Services issued 62 Certificates of Origin in 2004. The overall value of the goods exported to China under CEPA reached MOP2.06 million, with tax exemption under the zero-tariff policy totaling MOP180,000. A more substantial development in trade in goods under CEPA in 2005 was spotted, with 51 CEPA Certificates of Origin issued by Macao Economic Services by mid-April, worth a total of MOP4.53 million. Due to a greater diversity of goods exported to China, the total exports valued MOP3.5 million, with tax exemption of MOP400, 000 in real terms. Most of the goods were exported to China through the Gongbei checkpoint, accounting for more than 82% of the total amount of goods to China during the first quarter of 2005.

Mr. Deng Weiguang, Director of the Country of Origin Office of the China Customs in Gongbei, Mr. Gu Lujun, Director of the Gongbei Customs, and Mr. Liang Weiwan, Gongbei Customs Officer talked about the CEPA customs clearance procedures for goods, the WTO Agreement on Customs Valuation, the taxes levied on textile exports to the Mainland, as well as license management in the Briefing.

Mainland officials stated that in order to improve efficiency in customs clearance under CEPA, they would give priority to the clearance of CEPA products. However, manufacturers would have to state in advance that their products were CEPA cargo. This process can currently be completed within one day, or even in one to two hours. In addition, an “online tax payment” system has been introduced to improve efficiency in customs clearance. They also mentioned that customs clearance efficiency in Gongbei was satisfactory. The rate of releasing imported goods on the same day was 77.23% (including duty-paying goods), and the same-day release rate for exported goods reached almost 94.8% last year.

For more information on the customs clearance procedures in Gongbei, please visit Zhuhai’s CEPA website: <http://www.zhuhai-trade.gov.cn/cepa/index.htm>; for enquiries concerning CEPA, please contact (86756) 2137529. For relevant information on “online tax payment” system, please visit the Gongbei Customs website at: <http://gbhg.gdzh.gov.cn/>

5. Seminar on EU Economic Integration and CEPA

The Legal and Judicial Training Centre held a seminar on “EU Economic Integration and CEPA Agreements” from 9th to 13th May and invited Dr. Zhang Lei, Professor of Law from the Guangdong University of Foreign Studies and lawyer of the Guangdong Z & T Law Firm, Mr. António José Marques Mendes, Professor of Economics at the Coimbra University, Ms. Jeong Pou Yee, Deputy Director of the Macao Economic Services and Ms. Vong Cheng Kam, Head of the Regional Economic Affairs Division of Foreign Economic Relations Department of Macao Economic Services as speakers in the seminar.

During the seminar, the speakers discussed topics such as: “An overview of Macao’s economic situation and the CEPA agreements”, “New trends in China’s economic legislation – an outline of antitrust laws and respective amendments to foreign trade law”, ”EU Economic Integration – an outline of its status during the last 45 years”, “China’s foreign investment promotional and protective measures”, “Foreign direct



Photograph of all guest speakers in the seminar with the Director of the Legal and Judicial Training Centre (on the right).

investment, TRIMs and TRIPs”, “The implementation of CEPA and its impact on Macao economy”, “Legal issues involving CEPA” and “The Euro, the Yuan and the liberalization of portfolio investment in China and Europe”. Aside from sharing their presentations, speakers exchanged ideas with participants on Macao’s future economic development, business opportunities arising from CEPA as well as regional cooperation.

6. Explanatory session on the 2005 National Qualification Examination for Physicians

Under the liberalization for medical and dental services in CEPA II, licensed Macao physicians, after they have been practicing in Macao for over 1 year, can sit the National Qualification Examination for Physicians (not including Traditional Chinese Medicine) so as to obtain the “Physician Qualification Certificate” in the Mainland. In this regard, Macao Health Bureau arranged an explanatory session at the Conde de São Januário Hospital (CHCSJ) on 15th April, introducing the administrative and enrollment procedures for the 2005 National Qualification Examination for Physicians to medical professionals in Macao’s medical industry. Over 60 doctors attended the Session.

The keynote speaker, Dr. Chi Hong Chao, noted that there were 70 Macao permanent residents who took part in the 2004 National Qualification Examination for Physicians (87 people submitted application forms) last year, with 43 being awarded the respective qualification certificates. This reflects a passing rate of 61.4%. The application deadline for the 2005 examination was 25th April, 2005. According to the statistics from the Private Medical Activity Licensing Unit of the SAR Macao Health Bureau, 100 doctors enrolled in the examination, with 94 examinees signing up for the medical practitioner's qualification examination, 4 for the dental medicine practitioner's qualification examination and 2 for the traditional Chinese medicine practitioner's qualification examination.

7. Macao examinees can sit the 2005 National Judicial Examination in Macao

According to the revised "Rules on Sitting the National Judicial Examination for Residents of the Hong Kong and Macao Special Administrative Regions", which were promulgated again on 24th May, 2005, Macao residents who meet the necessary requirements can sign up for the National Judicial Examination. Also, starting from this year, Macao will establish its own examination centre. Interested parties can enroll in the examination directly with the Legal Affairs Bureau of the MSAR at Rua do Campo, Edf. da Administração Pública, 19th Floor, from 5th to 20th July.

For any inquiries, please contact: 9872333. For more detailed information, please visit: <http://www.legalinfo.gov.cn/> or the website of the Legal Affairs Bureau of the MSAR, <http://www.dsaj.gov.mo>.