

CEPA Newsletter ♦ December 2005 Edition ♦ Issue no. 13

Published by Macao Economic Services

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Editor’s note:

In the past few months, different conferences in relation to CEPA were held in Guangdong and Macao with topics such as “cooperation in trade in services between Guangdong and Macao under the framework of CEPA”, “developing Macao into a trade and business platform”, and “facilitating the construction of Zhuhai-Macao Cross Border Industrial Zone”, etc. Some of the conferences also focused on the analysis of the implementation of trade and customs clearance facilitation measures, and explored the role of the Chinese Herbal Medicine industry in the diversification of Macao’s economic structure.

As Supplement to CEPA made available for the first time more than 30 categories of National Vocational and Professional Qualification Examination to Macao residents, the Macao Productivity and Technology Transfer Centre immediately set up a National Vocational Examination Coordination Center at the beginning of this year in order to arrange the examinations for Macao residents in an efficient manner. Recently, 82 Macao residents passed the National Vocational and Professional Qualification Examinations and obtained professional qualifications in areas of Chef of Chinese Cuisines, Chef of Chinese Noodle and Dim Sum, etc., and are equipped with the skills indispensable for their future career development in Mainland.

1. The “Guangdong and Macao Cooperation Joint Conference 2005” was held in Macao

On 5th December, 2005, Mr. Huang Huahua, Governor of Guangdong Province, led a delegation of officials from the Guangdong Provincial Government to Macao for a 3-day visit. The Guangdong

delegation later held the “Guangdong and Macao Cooperation Joint Conference 2005” with the Macao SAR delegation, which was led by Mr. Edmund Ho Hau Wah, Chief Executive of the Macao SAR, on 6th December, 2005. During the Conference, the two sides reaffirmed the results of cooperation attained in the previous year and exchanged opinions on issues such as jointly promoting cooperation within the Pan-Pearl River Delta Region, developing Hengqin Island under the framework of the Pan-Pearl River Delta Region, launching cooperation in the service industries between Guangdong and Macao under CEPA, developing Macao into a trade and business platform, and facilitating the construction of the Zhuhai-Macao Cross Border Industrial Zone, etc. Also, in the midst of the Conference, both Guangdong and Macao pledged to enhance cooperation in 5 areas in the next phase of Guangdong-Macao Cooperation, namely “trade and investment”, “livelihood issues”, “construction of large-scale infrastructure and customs checkpoints”, “Great Pearl River Delta and Pan- Pearl River Delta”, and “science, technology, education and culture”.



Governor of Guangdong Province and the Chief Executive of Macao SAR spoke in the press conference after the meeting. (Courtesy photo from the Government Information Bureau)

2. “CEPA Forum on Trade and Customs Clearance Facilitation” was held in Guangzhou

“CEPA Forum on Trade and Customs Clearance Facilitation”, which was jointly hosted by the General Administration of Customs of the People’s Republic of China and Ministry of Commerce, and undertaken by Guangdong Branch of the General Administration of Customs of the People’s Republic of China and Guangdong Foreign Economic and Trade Office, was held in Guangzhou on 30th November, 2005 with the purpose of promoting and introducing policies and progress attained in relation to the implementation of CEPA.

Mr. Sun Songpu, Vice-Minister of General Administration of Customs of the People’s Republic of China and Director of the Guangdong Branch, reported the progress of CEPA implementation on the side of the General Administration of Customs in the forum. Ms. Chen Xing, Director-General from the Ministry of Commerce also reported the results of trade policies formulated for CEPA. She pointed out that the implementation of CEPA not only effectively promoted Macao’s economic growth, but also facilitated the moderate diversification of Macao’s economic structure. In addition, she stated that certain provinces in the Mainland have already allowed residents visiting Hong Kong and Macao under the Individual Traveler Scheme since last year. Recently, 4 cities in China, namely Chengdu, Jinan, Shenyang and Dalian have also been included in the Scheme. This new arrangement is crucial in promoting the development of Hong Kong and Macao, as well as creating employment opportunities in their labor markets. Until the end of September of this year, over 8 million tourists have visited Hong Kong and Macao under the Individual Traveler Scheme. Another benefit brought about by CEPA is

the promotion of imports and exports between the Mainland and Macao. Mainland has already conceded zero tariffs to 509 types of products of Macao origin, basically including all products that are currently manufactured in Macao. In 2004, the total trading volume between the two places was worth USD183 million, posting an increase of 24.5% over the same period in 2003. During the first 10 months of this year, the trading volume between Mainland and Macao has already reached USD148 million.

3. Mainland has amended the Company Law and substantially reduced the thresholds of minimum registered capital

On 27th October, 2005, the 10th Standing Committee of the National People's Congress adopted the amendments to the Company Law and announced that the revised law will come into effect on 1st January, 2006. The content of the amendments mainly include:

1. The minimum registered capital for limited liability companies has been reduced to RMB 30,000 and can be injected by installments.
2. The minimum registered capital for joint stock companies have been reduced to RMB 5 million.
3. Intangible assets may account for up to 70% of the registered capital.
4. The concept of “denying the status of a branch as an enterprise juridical person” was introduced in the Law.
5. New regulation on the adoption of cumulative voting system for joint-stock companies was devised.
6. Shareholders of limited liability companies may consult the financial and accounting records of the companies.
7. New regulations were introduced for stipulating the signing of labor contract between the companies and their employees in accordance with the Company Law.
8. The revised law allows the establishment of One-person Limited Liability Companies.

The amendments to the law and the comparison between the revised and the original laws have been uploaded to the CEPA section of Macao Economic Services website:

http://www.economia.gov.mo/file/cepa/PRC_company_law.doc

http://www.economia.gov.mo/file/cepa/compare_company_law.doc

4. The 2005 “Seminar on Regional Development of Chinese Herbal Medicine” was held in Macao

The 2005 “Seminar on Regional Development of Chinese Herbal Medicine” was held on 28th October in Macao. Representatives from relevant Administrative Departments and experts from Mainland, Germany, Hong Kong and Macao attended the seminar and discussed a wide range of topics, including “the Latest Development Trends of Chinese Herbal Medicine”, “Governance of the Chinese Herbal Medicine Industry in the Mainland”, “Opportunities for Traditional Chinese Herbal Medicine in the Healthcare Market of Germany”, as well as “Assisting Companies to Develop International Markets through Making Use of Macao as a Service Platform”.



Secretary for Economy and Finance, Mr. Francis Tam Pak Iun, and other guests presided over the opening ceremony

The Seminar was aimed at thoroughly analyzing the policies for ameliorating the economic structure of Macao and at the same time serving as an information exchange platform for the industries in the four mentioned economies. Experts and representatives from relevant administrative departments delivered speeches on various topics, namely “Discussion on Strategies for Sustainable Development of Chinese Herbal Medicine in China ”, “Developing International Markets for the Chinese Herbal Medicine Industry through Hong Kong and Macao”, “Governance of the Chinese Herbal Medicine Industry in the Mainland”, “Regulations on Good Manufacturing

Practices (GMP) for Chinese Herb Medicines ”, “Reflecting on the Problems in Relation to Internationalization of Chinese Herbal Medicine”, as well as “Development Trends and Market Opportunities for Chinese Herbal Medicines In Germany”.

5. The first batch of Macao residents were granted the National Vocational Qualifications Certificates

The Macao Productivity and Technology Transfer Center hosted the “Ceremony for Awarding the National Vocation Qualifications Certificates” at the World Trade Center in the afternoon of 7th December, 2005. Mr. Francis Tam Pak Yuen, Secretary for Economy and Finance, Mr. Huang Songfu, Commissioner of The Ministry of Foreign Affairs of The People's Republic of China in The Macao Special Administrative Region, Mr. Zhou Zhikui, Director of the Department of Economy of the Liaison Office of the Central People's Government in Macao Special Administrative Region, Mr. Lin Wangping, Deputy Direct of the Labour and Social Security Office of Guangdong Province, and Mr. Zhou Guotian, Occupational Skill Testing Authority of Guangdong Province were invited as officiating guests.

Since Supplement to CEPA allowed Macao residents to sit for more than more than 30 kinds of National Vocational and Professional Qualification Examinations for the first time, the Macao Productivity and Technology Transfer Centre immediately set up the National Vocational Examination Coordination Center at the beginning of this year to arrange for Macao residents to take part in the examinations. This

year, registration for the examinations has been positive, and 90 persons have signed up for the 5 examinations for which the certificates were awarded in the ceremony, including Intermediate Level and Advanced Level Examinations for Chefs of Chinese Cuisine, Advanced Level Examination for Chefs of Chinese Noodle and Dim Sum, Elementary Level Examination for Beautician, and Elementary Level Examination for Hairdressers. A total of 82 persons were granted the certificates in the ceremony, amounting to a passing rate of 91%. The high passing rates in the examinations showed that the vocational qualification of Macao examinees has measured up to national and even international standards.

In the past few years, driven by CEPA and the economic cooperation in the Pan-Pearl River Delta Region, the economic integration between the Mainland and Macao has greatly advanced. Against this backdrop, the harmonization of vocational and professional qualification for people in the two places has become more and more important. The arrangement for the National Vocation and Professional Qualification Examinations has brought about long-term benefits to the human resources development for both places. The representative from the Macao Productivity and Technology Transfer Centre also indicated in the ceremony that in the future the Centre will focus on the promotion of the National Vocation and Professional Qualification Examinations. Furthermore, to keep pace with the demand of local market, more categories of examinations will be provided in order to strengthen the competitiveness of both individuals and the industries as a whole.



Officiating guests took photo with the examinees granted the certificates in the ceremony.

6. The arrangement for applications to include new products to the zero-tariffs product list under CEPA for the year of 2006

In accordance with the provisions of Supplement II to CEPA, from 1st January, 2006, all products of Macao origin exported to the Mainland may enjoy zero-tariffs benefit. Yet Macao manufacturers still need to submit application forms to confirm the rules of origin of the products exported. The procedures are as follows:

- For applications submitted to Macao Economic Services before 15th February of the year, the products concerned may be exported to the Mainland with zero-tariffs on or after 1st July of the same year.
- For applications submitted after 15th February but before 15th August, the products concerned can enjoy zero-tariffs benefit when exporting to the Mainland on or after 1st January of the following year.

The application forms can be obtained for free from the CEPA Information Center or downloaded from the website of Macao Economic Services. For information about the application procedures, please visit

the website of Macao Economic Services : <http://www.economia.gov.mo/file/cepa/cp-po-applyfm1.doc>.

The completed application form can be submitted in person or by post to the General Reception Center of Macao Economic Services at Rua Dr. Pedro José Lobo, 1-3, Luso International Bank Building, 2/F., Macao or to the CEPA Information Center at Alameda Dr. Carlos d'Assumpção No 263, Edif. China Civil Plaza, 20° andar, Macao. For any enquiries, please visit the above Centers or call 7989 708.

7. “The Measures Governing Foreign-funded International Freight Forwarding Agent Enterprises” promulgated by the Ministry of Commerce allow more flexibility for Macao enterprises to invest in the Mainland

The Ministry of Commerce of the People’s Republic of China promulgated the revised “Measures Governing Foreign-funded International Freight Forwarding Agent Enterprises” (hereby refer as “the Measures”) on 1st December, 2005. The revised Measures have come into force on 11th December, 2005, and thus the original “Measures” and its Supplementary Provisions are revoked.

In comparison with the original “Measures” and its Supplementary Provisions, the new “Measures” have amended certain regulations governing foreign funded international freight forwarding agent enterprises in the Mainland, allowing more flexibility for foreign enterprises investing in China. These regulations include:

- Abolition of the requirements on equity ratio of the foreign funded joint-venture international freight forwarding agent enterprises. (The Chinese company in a joint-venture is required to contribute at least 25% of the registered capital), and qualification of both Chinese and foreign companies;
- Abolition of the requirements on the qualification and the number of operational staffs, as well as the operation premises and facilities, of foreign-invested international freight forwarding agent enterprises;
- The competence of examination and approval of the qualifications of foreign funded international freight forwarding agent enterprises are delegated to the departments responsible for commerce of all provinces, autonomous regions, municipalities under the central government, cities directly under State planning and Xinjiang Production and Construction Corps. However, An enterprise undertaking international express delivery still need to be examined and administered by the Ministry of Commerce;
- Moreover, the new “Measures” append to CEPA the preferential treatments for Hong Kong and Macao Service Suppliers to establish international freight forwarding agent enterprises in the Mainland. The Measures also set out requirements on registered capital and establishment of branches for Hong Kong and Macao Service Suppliers engaging in International Freight Forwarding Agency Services in the Mainland. Among those requirements, Hong Kong and Macao invested International Freight Forwarding Agencies can set up branches after they have injected all the required registered capital. In addition, if the registered capital has exceeded the minimum requirement, the exceeding part may be used as increased capital for establishing branches.

For more details about the new “Measures”, please visit the website of the Ministry of Commerce of the P.R.C.: <http://www.mofcom.gov.cn/aarticle/b/f/200512/20051201001331.html>