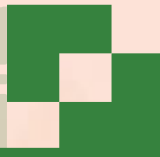


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CEPA Newsletter

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closer Economic Partnership Arrangement

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2016 Guangzhou-Macao Cooperation Task Force meeting

Editor's Note:

2016 Guangdong-Macao Cooperation Joint Conference was held on 21 June in Macao. Both sides affirmed the continuous deepening and effective implementation of the Guangdong-Macao cooperation in the past year. The governments of Guangdong and Macao carried out the annual priorities of "Framework Agreement of Macao-Guangdong Cooperation", to effectively promote the economic development and improve the livelihood in the two places. Besides, the 2016 Guangzhou-Macao Cooperation Task Force meeting was held in

Guangzhou on 30 June. Both sides have signed cooperation agreement in the areas of e-commerce, youth entrepreneurship and employment and so forth.

The Agreement on Trade in Services under the framework of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) was officially implemented on 1 June, signifying the basic liberalization of trade in services between the entire Mainland and Macao. In respect of trade in goods, Macao Economic Services started issuing certificate of origin (CEPA) in electronic form from 1 May, 2016, in order to enhance trade facilitation between the two places. Macao Economic Services also held two seminars and led a delegation to the Gongbei Custom, in order to assist the local enterprises to have a better understanding on operation and related details on merchandise trade.

Moreover, with the implementation of "China (Guangdong) Pilot Free Trade Zone Ordinance" on 1 July, increased efforts were made to encourage innovation and the restrictive measures of Hong Kong and Macao investors' qualification in some sectors were reduced.



1. 2016 Guangdong-Macao Cooperation Joint Conference was held in Macao

2016 Guangdong-Macao Cooperation Joint Conference was held in Macao. Both sides affirmed the deep development and sustainable achievement on the Guangdong-Macao cooperation in the last year. The governments of Guangdong and Macao started the annual key work of “Framework Agreement of Macao-Guangdong Cooperation”, which helps promoting the economic development and improving the livelihood in the two places.



2016 Guangdong-Macao Cooperation Joint Conference held in Macao East Asia Games Dome

The joint conference was held in Macao East Asia Games Dome in the morning. Mr. Chui Sai On, Chief Executive of Macao SAR, and Mr. Zhu Xiaodan, Governor of Guangdong Province attended the meeting in conjunction with representatives from both sides, and gave a topic speech. Mr. Leong Vai Tac, Secretary of Economy and Finance and Mr. He Zhongyou, Vice-governor of Guangdong Province reviewed the achievement and working process of Macao-Guangdong cooperation. Mr. Zhou Bo, Deputy Director of Hong Kong and Macao affairs of State Council of PRC and Mr. Chen Sixi, Deputy Director of Liaison office of the Central Peoples’ Government in the Macao Special Administrative Region attended the conference.

Both sides reviewed the latest development situation in close cooperation between Guangdong and Macao under the support of central government since last conference, especially the new opportunities raised from the national 13th Five-Year Plan, “The Belt and Road” suggestion, “Guiding Opinions of the States Council on Deepening Pan-PRD Regional Cooperation”, Approval by the Central Government on the boundary waters and land managed by Macao and so on. Both sides implemented “Framework agreement of Macao-Guangdong cooperation” seriously, actively promoted and deepened the cooperation in various fields, which helped getting a new progress and breakthrough on work.

Both sides agreed to fully implement the “13th 5-Year Plan” in the following year by working together with Guangdong and Macao governments and the society. Integration between Mainland and Macao will take a step further for creating more opportunities and spaces on the Guangdong-Macao development. Both governments will lift up the livelihood of residents together with pragmatic and innovative thinking, and will also work hard for the prosperity and development of the economy and society in both places.

Focus of the Macao-Guangdong cooperation in following year includes:

1. Complementing each other’s advantage, jointly participating in the “One Belt, One Road” initiative, encouraging and supporting enterprises “go global” together in both places.
2. Encouraging youth exchange and cooperation between Guangdong and Macao, promoting youth development, supporting youth entrepreneurship and innovation.
3. Seizing the opportunities of Macao-Guangdong liberalization of trade in services, sharing bonus of the development in Mainland, including active participation in free trade zone development and liberalization of trade in services; and participating Macao-Guangdong main development plan through fiscal reserved investment.

4. Speeding up development platform between Guangdong and Macao, including putting more effort on the construction of Hangqin area and seeking higher level breakthrough in joint cooperation with Nansha, Zhongshan, Jiangmen, and promoting moderate Macao economic diversification.

5. Expansion on cooperation area in both places, speeding up cooperation between society and people: enhancing broader cooperation, optimizing cross-broader facilitation, deepening tourism cooperation in both places and promoting cooperation in professional technology area.

6. Enhancing construction mechanism, promoting general communication of all task forces of Macao-Guangdong cooperation. Strengthening information notifications and implementing all specific projects; and further exerting the function of think tank in both places, making suggestions for Guangdong-Macao cooperation.

Guangdong and Macao had signed 12 cooperation agreements, including “A Letter of Intent between Guangdong Province and the Macao Special Administrative Region regarding joint participation in the development of the “Belt and Road” Initiative”, “Framework Agreement on cooperation between Macao Special Administrative Region and People Government in Zhongshan city regarding advancing youth entrepreneurship”, “Agreement on promoting the exchanges and cooperation between young people in Guangdong and Macao”, “Collaboration Agreement on training evaluation model regarding the implementation of ‘one exam, multiple certificates’ by the study of Guangdong and Macao”, “Cooperation Agreement of the task force for the development of the China (Guangdong) Pilot Free Trade Zone”, “Framework agreement regarding carrying forward of the joint construction of Jiangmen Great Guanghaiwan Economic zone between Macao SAR government and Jiangmen People’s government”, “Memorandum regarding Guangdong-Macao cooperation Development Fund”, “Collaboration Framework agreement with Guangdong-Macau Chinese Medicine Science”, “Memorandum regarding exchanges and cooperation in the field of medical health between Guangdong and Macao”, “Agreement on entry to Hengqin of vehicles registered in Macao”, “Co-operation Arrangement among Guangdong-Hong Kong-Macao Search and Rescue (SAR) Authorities for Mutual Recognition of “Plans for Co-operation between Search and Rescue Services and Passenger Ships”” and “MoU of Cooperation on Tourism between Guangdong and Macao” after the conference.

2. 2016 Guangzhou-Macao Cooperation Task Force meeting held in Guangzhou



2016 Guangzhou-Macao Cooperation Task Force meeting held in Guangzhou (Courtesy photo from GCS)

The 2016 Guangzhou-Macao Cooperation Task Force meeting was held in Guangzhou on 30 June. Leader of Macao side, Mr. Leong Vai Tac, Secretary for Economy and Finance, delivered his concluding remarks at the meeting. He pointed out that Guangzhou and Macao had close cooperation in many areas and made good progress over the past year. The two governments will continue to strengthen cooperation in the future, giving priority to promote cooperation on youth entrepreneurship and employment, e-commerce, financial services, exhibition and cultural areas. Leader of Guangzhou side, Mr. Cai Chaolin, Deputy Mayor of Guangzhou municipal government agreed to strengthen cooperation between two places. He also indicated that the two places should seize the opportunity for collaboration, improving the level of cooperation in

participating in national development strategies. According to the Guangzhou statistics, the trade volume between Guangzhou and Macao increased by 44.56% to USD603 million in 2015.

The meeting focused discussion of promoting the cross-border e-commerce between Guangzhou and Macao, youth entrepreneurship and employment, “Meeting based” exhibition industry, vocational education, cultural exchange, establishment of non-heritage protection and other aspects. The two sides signed two agreements and a letter of intent at the meeting, namely “Cooperation Agreement on Strengthening Cross-border Trade and E-commerce”, “Letter of Intent for Cultural Exchanges and Cooperation”, “Cooperation Agreement on Jointly Promoting Youth Entrepreneurship Incubator Between Guangzhou Nansha and Macao”

Mr. Leong Vai Tac said that the two governments will continue promote in-depth cooperation between Guangzhou and Macao, strengthening bilateral exchanges and cooperation of government departments, enterprises and residents, especially the young people and professionals.

For the future cooperation between Guangzhou and Macao, Mr. Leong Vai Tac indicated the following four aspects: (1). Actively promote the cooperation on youth entrepreneurship and employment in two places. This will be one of the priorities for future cooperation. Based on the current cooperation, the two sides will further expand the scope and content of cooperation in the future, including strengthening cooperation on Youth Entrepreneur Incubation Centre and Pilot Free Trade Zone Entrepreneurial Base, improving the hardware and software environment. (2). Strengthen cooperation on e-commerce between Guangzhou and Macao. With the effective implementation of “Cooperation Agreement on Strengthening Cross-border Trade and E-commerce”, they believed the pace of cooperation on cross-border e-commerce can be accelerated and expected the enterprises of two places to jointly explore the international market, especially in the Portuguese-speaking countries market. (3). Promote cooperation in the financial sector. Financial leasing will be one of the directions to develop specialized financial products and services in Macao. They expected to jointly take advantage of Macao as the financial services platform for the trade cooperation between China and Portuguese-speaking countries, providing financial services for Guangzhou to conduct cooperation with Portuguese-speaking countries, by virtue of the function of Macao as the RMB clearing platform for Portuguese-speaking countries. (4). Strengthen cooperation in exhibition and culture. Through joint special research, group exhibition, overseas visits to promote cooperation of two places, jointly build up an international and influential “brand project”.

Mr. Cai Chaolin, Deputy Mayor concluded that the cooperation between Guangzhou and Macao had a solid foundation, he recommended to strengthen in-depth cooperation in the Nansha New Area in the future, expand practical cooperation in main areas and promote vocational education and young people exchanges and cooperation between Guangzhou and Macao.

Deputy leader of Macao side, Ms. Lok Kit Sim, Chief of Office of the Secretary for Economy and Finance and Deputy leader of Guangzhou side, Mr. Liu Baochun, Director of Hong Kong and Macao Affairs Office of Guangzhou, reviewed the works on trade and exhibition, youth entrepreneurship and employment, vocational education and skills training and other aspects over the past year. Mr. Li Yangchun, Deputy Director of Hong Kong and Macao Affairs Office of Guangdong Province made a statement at the meeting.

Mr. Kou Chin Hung, Consultant to Office of the Chief Executive, Mr. Wang Jiabao, Deputy Minister of the Liaison Office of the Central People's Government in the Macao, and representatives from economic, commerce, cultural, tourism, education, municipal, labor, customs, port and other different areas of government departments in two places attended the meeting. The delegation of Macao also visited the provincial demonstration base of liberalization of trade in services among Guangzhou, Hong Kong and Macao, such as Tianhe CBD Central Business District, Guangzhou Youth Innovation and Entrepreneur Hub.

3. The Agreement on Trade in Services (CEPA) is officially implemented on 1 June and Services Optimization at CEPA Information Center

The Agreement on Trade in Services under the framework of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) (hereinafter referred to as the “Agreement”) is officially implemented on 1 June 2016. After the implementation of the Agreement, the Mainland has opened up 153 services trade sub-sectors to the Macao services industry. The Agreement is the first free trade agreement which liberalizes trade in services to the entire Mainland with market access provisions for national treatment and the management approach of negative listings. It also re-states the existing liberalization content under CEPA and its Supplements, signifying the basic liberalization of trade in services between the whole Mainland and Macao.



Regional Cooperation Information Center

The “Agreement” has four main features, including liberalization of trade in services extended to the whole Mainland, liberalization enhanced in both breadth and depth, most preferential treatment is ensured and Implementation of filing administration in the whole Mainland. The Mainland has opened up 153 service sub-sectors to the Macao services industry, the liberalization rate extended to 95.6% of the 160 sub-sectors under WTO Services Sectoral Classification System, and national treatment is applied to Macao in 62 services sub-sectors. Under the liberalized sectors which using the negative list of the Agreement, the negative list of the Guangdong Agreement eliminates 12 restrictive measures from 132 restrictive measures. Among them, 28 restrictive measures are under further relaxed market access condition. At the same time, the positive lists covering cross-border services as well as the sectors of telecommunications and cultural services have newly-added 20 liberalization measures, including the expansion of service sectors of individually owned stores to 135 sectors by liberalizing 5 additional sectors. The Agreement sets out provisions for the most-favoured treatment, stating precisely that if the free trade agreement signed between the Mainland and the other country/area is more favourable than the market access measures under CEPA, it will be extended to Macao.

In connection with the implementation of the Agreement, the CEPA Information Center of Macao Economic Services will improve the service functions, while the name is changed from June 1 to Regional Cooperation Information Center, and the website will be adjusted by adding the regional cooperation information, as well as providing regional cooperation information regarding cooperation between Guangdong and Macao and China Pilot Free Trade Zone, to better serve the public.

On the other hand, following the implementation of the Agreement, the Designated CEPA Website will be upgraded with mobile browser compatibility, for the ease of checking on the related legislation and information of CEPA for the public. The website (www.cepa.gov.mo) remains unchanged. For any queries and comments, please contact DSE Regional Cooperation Information Center (Tel: 8597 2343 or via email info@cepa.gov.mo).

4. Electronic Measures of Certificate of Origin (CEPA) is introduced on 1 May by Macao Economic Services

To promote the electronic work of certificate of origin (CEPA) and further facilitate the trade in goods between the Mainland and Macao, after negotiation between two places, Macao Economic Services issues certificate of origin (CEPA) in electronic form starting from 1 May, 2016 onwards. Local enterprises only need to submit application to DSE, after completion of relevant procedures, DSE will issue the certificate of origin (CEPA) in electronic form while related data of goods will be transmitted to the Mainland Customs at the same time. The number of declared goods of each certificate is increased to a maximum of 20.



DSE representative introduce the electronic measures of Certificate of Origin (CEPA)

Under the electronic measure of certificate of origin, when the goods of CEPA are imported to the Mainland, enterprises do not need to submit a paper certificate of origin, saving the mailing costs and delivery time of the certificate. The electronic measures of the certificate of origin (CEPA) facilitate the custom declaration procedures for the enterprises in Mainland; greatly improve the efficiency of customs clearance.

For the convenience and benefit of the public, Macao Economic Services held a seminar at Industrial Association of Macau on 19 April before the implementation of the above-mentioned new measure, explaining related details and operation thoroughly to the local industries and main targets. On one hand it helps strengthening the linkages and communications between government and the local industries, while at the same time it also helps promoting the development of the trade in goods in Macao.

5. 134 Additional and 3 Revised Rules of Origin for Zero-Tariff Products Implemented from 1 July 2016

On 26 April 2016, Macao Economic Services and related departments of the Mainland held the Macao CEPA consultation on the rules of origin for the first half of 2016 in Beijing. Through the consultation, the rule of origin for 134 products were added from 1 July 2016, products including Food (natural honey, spices, value-added fruit, sea food), Cleaning and Disinfection products, Printed matters, Textiles & garments, Clocks & watches, Pens etc.

Meanwhile, the rule of origin for 3 products were revised in response to the actual production condition of Macao industries, namely Flavoured waters, Non-alcoholic beverage and Chinese distilled spirits.

The rule of origin of above mentioned products and respective tariff code are available for download on the website of Macao Economic Services (Website: http://www.economia.gov.mo/zh_TW/web/public/pg_cep_a_tig?refresh=true). The Zero-Tariff treatment measure of Trade in Goods of CEPA has been implemented since 2004, as of the first half of 2016, total number of Macao products eligible for the zero-tariff treatment has reached 1,458, total export value of CEPA products reached MOP708 million, involving an estimate tariff saving amounting to MOP53.48 million.



Macao CEPA consultation on the rules of origin for the first half of 2016

6. Macao Economic Services held Seminar on “Trade in Goods of CEPA”



Macao Economic Services held Seminar on “Trade in Goods of CEPA”

In order to encourage the industries to better utilize the zero tariff measures of CEPA, and to understand the latest situation of Trade in Goods of CEPA, Macao Economic Services held the Seminar on “Trade in Goods of CEPA” at Industrial Association of Macao on 16 June 2016, the seminar introduced 134 additional and 3 revised rules of origin for CEPA products, and related application procedures.

The SAR government actively responded to the needs of industries to the development of CEPA, by further expanding the applicable scope of goods, proposing the list of goods for enjoying zero-tariff to the related departments and committees in the Mainland. The additional products enriched the types of goods in the preferential list, and the processing development situation in Macao of the raw materials which helps promoting Portuguese-speaking is also considered. Through zealously promotion of utilizing the subsidiary agricultural products of Portuguese-speaking countries for processing production in Macao, industries can enjoy zero-tariff treatment of CEPA to explore and develop the Mainland market. Part of the additional products will reserve the space for broadening future development and upgrading transformation of the manufacture industries, and attract foreign manufacturer enterprises to develop in Macao.

Meanwhile, in response to the actual production condition of Macao industries, the rule of origin for 3 products were revised, namely Flavoured waters, Non-alcoholic beverage and Chinese distilled spirits. For the Chinese distilled spirits, a production process was cancelled, and the requirement of rule of origin was revised, so that the enterprises can simplify in the production, and easier to comply with the requirement of CEPA.

The seminar on “Trade in Goods of CEPA” provided beneficial information to the industries, building a communication platform, further explained the CEPA measures and administrative procedures for local manufacturers and industries.

7. Macao Economic Services organized local industries to participate in the “Macao CEPA Enterprises Forum” held by Mainland Customs in Zhuhai



Macao Economic Services and local industry representatives participated in the Macao CEPA Enterprises Forum

Macao Economic Services is endeavoured to promote the zero-tariff measures of CEPA for better utilization for enterprises. In order to strengthen exchange and communication between industries and related departments of Mainland, Macao Economic Services organized a delegation of more than 30 industry representatives to participate in the “Macao CEPA Enterprises Forum” held in Gongbei Customs on 31 May 2016, assisting

industries on reflecting their opinions directly to Mainland Customs on the formulation of rule of origin, customs valuation and clearance, as well as raised related recommendations.

It is believed that through the forum, Macao Economic Services provided a communication platform with related departments of Mainland for the industries, and allowed Mainland a better understanding of the business operation situations and needs of Macao industries, favourable to strive for the policy support for development of Macao, and played a positive role in promotion Trade in Goods of CEPA.

8. “Ordinance of China (Guangdong) Pilot Free Trade Zone” took effect on 1 July

“Ordinance of China (Guangdong) Pilot Free Trade Zone” (hereinafter referred to as the “Ordinance”) took effect on 1 July. The Ordinance explicitly stepped up effort to encourage innovation, citizen, corporate, and organization are encouraged to launch emerging industries that are not prohibited by national law or policy, and restrictions of investor qualification of finance, logistics, business, professional, social service, scientific, and cultural industries are lifted for Hong Kong and Macao investor. In addition, China (Guangdong) Pilot Free Trade Zone simplifies exporting procedures for Hong Kong/Macao-origin goods, fast quarantining is trialed to some part of products.

For the complete text of “China (Guangdong) Pilot Free Trade Zone Ordinance” please refer to:

http://www.rd.gd.cn/rdhy/cwhhy/1226/jyjd/201605/t20160530_153675.html

9. Seminar on Cross-border E-commerce of Macao and Guangdong was held in Macao

“Seminar on cross-border e-commerce of Macao and Guangdong” was held on 14 April, which was supported by Macao Economic Services and Department of Commerce of Guangdong Province, co-organized by E-Commerce Association of Guangdong and E-Commerce Association of Macau. The seminar was a key task of Guangdong-Macao Cooperation on Services this year, and also an implementation work of the "Memorandum on Strengthening Cooperation of Cross-border E-Commerce Trade" which was signed by Macao Economic Services and Department of Commerce of Guangdong Province last year. The seminar aimed at establishing a platform for Guangdong and Macao cross-border e-commerce or local industries or citizens who have intention to establish cross-border e-commerce business, especially youth entrepreneur who engaged in cross-border e-commerce.



Seminar on cross-border e-commerce of Macao and Guangdong 2016

Leaders of cross-border e-commerce industries of Guangdong and Macao were invited to share their opinions regarding the situation of e-commerce platform in Macao, the development of cross-border e-commerce in Guangdong, O2O industry outlook in Macao, online brand promotion, opportunities and challenges in cross-border e-commerce, and the financing of e-business firms. The seminar offered business cooperation and matching session, participants could negotiate on business expansion and explore business opportunities directly regarding business development, project and financial management.

E-commerce industry in Mainland is experiencing constant growth with plenty of opportunities, while the e-commerce industry in Macao is still at the initial stage. Numerous e-commerce platforms entered into operation one after another, and local payment institutions actively cooperate with the regional payment operators for providing pluralistic online or offline payment to local citizens and visitors, leading to a dynamic market. The e-commerce cooperation space is huge between Guangdong and Macao; they are highly complementary, especially in the aspect of cross-border e-commerce. The consumer segment is huge in Mainland, while Macao has an international business network, especially in the market of Portuguese-speaking countries. It is believed that cross-border e-commerce cooperation between Guangdong and Macao will greatly boost the development of the e-commerce industry in both places.