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closer Economic Partnership Arrangement

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Editor's Note:

THE third Senior Officials Meeting for the enhancement of CEPA was convened in Macao on 26 September. The two sides consulted on the “Investment Agreement” and the “Agreement on Economic and Technical Cooperation” of the enhancement of CEPA. With their joint efforts, and after multiple rounds of communication and exchanges of views, consensus has basically been reached on the drafting of the two agreements of the enhancement of CEPA, which are estimated to be signed by the end of this year as originally scheduled.



The Third CEPA Senior Officials Meeting

In addition, to foster regional economic integration and further promote the development of Guangdong-Hong Kong-Macao Bay Area City Cluster, the Macao Economic Services (DSE) and the Department of Commerce of Guangdong Province jointly organised the “2017 Guangdong-Macao CEPA Service Sectors Exchange and Promotion Session” to provide small and medium-sized food and beverage enterprises in Macao with the latest development and market information of the food and beverage industry in Guangdong Province, while the counterparts in Guangdong Province could get to know the food and beverage market of Macao with this opportunity.

The first batch of cross-border e-commerce goods from Macao, which are mainly products of the local pastry and souvenir products industry including mostly souvenir foods such as egg rolls, Chinese almond cakes, biscuits and peanut candies, in total of 1,000 consignments with a value of approximately 40,000 patacas, was delivered to Nansha in September via the Cotai Frontier Port, marking the full opening of the cross-border e-commerce logistics channel between Macao and the Mainland.

Besides, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China issued a notice concerning the inspection and quarantine requirements for mooncakes (containing meat and egg) originating from Hong Kong/ Macao and importing into the Mainland, permitting imports of mooncakes originating from Hong Kong/ Macao under general trade upon complying with certain requirements, which allows Macao mooncake manufacturing enterprises to enjoy more streamlined inspection and quarantine procedures, enhancing the customs clearance efficiency for mooncake products.

1. The Third CEPA Senior Officials Meeting of 2017 Convened in Macao

Jointly chaired by Mr. Sun Tong, Director-General of the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce of the People's Republic of China, and Ms. Teng Nga Kan, Chief of the Office of the Secretary for Economy and Finance of the Macao Special Administrative Region Government, the third Senior Officials Meeting for the enhancement of CEPA was convened in Macao on 26 September. The two sides consulted on the “Investment Agreement” and the “Agreement on Economic and Technical Cooperation” of the enhancement of CEPA. With their joint efforts, and after multiple rounds of communication and exchanges of views, consensus has basically been reached on the drafting of the two agreements of the enhancement of CEPA, which are estimated to be signed by the end of this year as originally scheduled.

The “Investment Agreement” of the enhancement of CEPA includes new liberalisation measures and protection systems with higher comprehensiveness, benefiting the development of a clear and stable investment environment and fostering investment activities and economic integration between the two places. Meanwhile, the “Agreement on Economic and Technical Cooperation” adds elements that favor the moderately diversified development of Macao's economy on the basis of harmonising and updating the existing content of the CEPA texts to cater for the needs arising from future economic development, raising the development of

industrial cooperation between the two places to a new level.

Besides, the “Agreement on Economic and Technical Cooperation” includes specific chapters on “Deepening Cooperation in Economic and Trade Areas of the ‘Belt and Road’ Initiative” and “Deepening Cooperation in the Development of Macao as a Commercial and Trade Cooperation Service Platform between China and Portuguese-speaking Countries” to cater for the development of Macao. Meanwhile, the Agreement incorporates tourism, convention and exhibition, traditional Chinese medicine and Chinese medicinal products, finance, e-commerce, environment, legal and dispute resolution, accounting, culture, innovative technology, education, small and medium-sized enterprises, intellectual property, trademark and branding, etc. in the key cooperation areas, which will favor the promotion of moderate diversification of economic development in Macao.



The third CEPA Senior Officials Meeting of 2017 convened in Macao

2. “2017 Guangdong-Macao CEPA Service Sectors Exchange and Promotion Session” held in Macao

To foster regional economic integration and further promote the development of Guangdong-Hong Kong-Macao Bay Area City Cluster, the Macao Economic Services (DSE) and the Department of Commerce of

Guangdong Province jointly organised the “2017 Guangdong-Macao CEPA Service Sectors Exchange and Promotion Session” on 26 September to provide small and medium-sized food and beverage enterprises

in Macao with the latest development and market information of the food and beverage industry in Guangdong Province, while the counterparts in Guangdong Province could get to know the food and beverage market of Macao with this opportunity.

Guest speakers from food and beverage industries of the two places communicated with different sectors in Macao over the investment environment, business models, market development and administrative laws and regulations of the food and beverage industries in Guangdong and Macao respectively at the Session. Deputy President and Director's Assistant of Real Kungfu Food and beverage Management Company Limited, Mr. Huang Zan, introduced the path to success of his company and his idea on building a Guangdong-Hong Kong-Macao food and beverage service platform, and Chairman of the Council of the United Association of Food and Beverage Merchants of Macao, Mr. Lei U Weng, shared his views on the development of the food and beverage industry in Macao. Furthermore, representatives respectively from government departments of the two places explained the management regulations and administrative procedures for operating food and beverage establishments.

A total of over 200 representatives from Guangdong and Macao participated in this Session, 70 from government agencies and industry associations in Guangdong Province and 130 from government departments, trade associations and enterprises in Macao. In addition, visits to the centre for nurturing, training and examination of cooks and the food and beverage facilities of a convention and exhibition centre were organised by the DSE in the morning of the same date.

Since the implementation of CEPA in 2004, the Mainland has been permitting

Macao service providers to build, renovate and operate restaurants and food and beverage establishments in the Mainland as sole proprietors. Since the implementation of the CEPA Supplementary Agreements in 2005, Chinese citizens who are permanent residents of Macao have been allowed to operate food and beverage businesses in the Mainland in the form of individually-owned businesses. When the CEPA Agreement on Trade in Services entered into force on 1 June 2016, the Mainland accorded national treatment to Macao service providers operating restaurants and food and beverage services in the Mainland, and replaced the examination and approval of contracts and articles of association for establishment and alteration of companies with filing administration, which have significantly facilitated Macao service providers in operating restaurants and food and beverage services in the Mainland.

The organising of this Session built a platform of exchange between the food and beverage industries in Guangdong and Macao, and at the same time provided business information on market environment and administrative procedures for food and beverage enterprises, especially the small and medium-sized ones in Macao, to explore the Mainland market.



Group photo of guests of the Exchange and Promotion Session

3. Consultation with Industries for the Comprehensive Enhancement of CEPA

The “13th Five-Year Plan” of China clearly supports the long-term prosperity and stable development of Macao and proposes to “open the Mainland up more widely to Hong Kong and Macao and work to improve the Closer Economic Partnership Arrangement between the Mainland and the two regions”. To get ready for the enhancement of CEPA, the Ministry of Commerce of the People’s Republic of China and the SAR Government started consultations on the comprehensive enhancement of CEPA as early as 2015 and signed the “Agreement on Trade in Services” under the CEPA framework in November of the same year to basically achieve liberalisation of trade in services between the Mainland and Macao. The Agreement has been implemented since 1 June 2016. As arranged, the relevant departments will continue to promote the work on the enhancement of CEPA, and started consultations on measures in the areas such as investment protection and economic and technical cooperation in 2017.

To gather views and suggestions on the abovementioned work from the business communities, the Macao Economic Services (DSE) consulted with over 60 chambers of commerce and trade associations by visiting the Macao Chamber of Commerce and the Industrial Association of Macau on the 5th and 10th of July respectively and organising

two consultation sessions on the enhancement of CEPA for businesses on the 11th and 12th of July to gather a wide scope of views. The consultations have received strong support and active response from the industries, providing a concrete working foundation for the future consultations.

CEPA has achieved outstanding results since its full implementation in 2004. The SAR Government will remain determined in supporting industries to develop, innovate and preserve their heritages, actively explore the Mainland market, make full use of the various policies and measures of the Central Government for supporting the development of Macao, integrate into the development framework of China, and promote moderate diversification of economy to achieve sustainable development.



The DSE visits the Industrial Association of Macau to gather views on the enhancement of CEPA

4. Cross-border E-commerce aids SMEs to explore the Mainland Market

To assist small and medium-sized enterprises (SMEs) in Macao to grasp the development opportunities of cross-border e-commerce, with the strong support and promotion of the Macao Economic Services (DSE), the Guangdong Entry-Exit Inspection and Quarantine Bureau, the Nansha Entry-Exit Inspection and Quarantine Bureau, the Nansha Customs, the

Guangzhou Municipal Commission of Commerce, the Port Works Office of the Administrative Commission of the Nansha Development Zone of Guangzhou and other departments, and with the assistance of the Sino-Portuguese E-commerce Chamber, the first batch of cross-border e-commerce goods from Macao, which are mainly products of the local pastry and souvenir



Guests witnessing the delivery of the first batch of cross-border e-commerce goods to Nansha

industry including mostly souvenir foods such as egg rolls, Chinese almond cakes, biscuits and peanut candies, in total of 1,000 consignments with a value of approximately 40,000 patacas, was delivered to Nansha on 17 September via the Cotai Frontier Port. This first shipment of cross-border e-commerce goods marks the full opening of the cross-border e-commerce logistics channel between Macao and the Mainland. Macao products and products from Portuguese-speaking countries distributed by Macao enterprises can be delivered to consumers all over China via this channel, which creates favorable conditions for micro-, small and medium-sized enterprises to participate in cross-border e-commerce and helps to give full play to Macao's role as a commerce and trade cooperation service platform, providing positive influence on promoting the moderate diversification of Macao's economy.

Following the successful first shipment of cross-border e-commerce goods, the DSE continues to deepen the cooperation with the Guangdong Entry-Exit Inspection and Quarantine Bureau and the Nansha Entry-Exit Inspection and Quarantine Bureau, which leads to the successful early and pilot implementation of inspection and quarantine facilitation measures by making use of the advantages of the innovative policies of the Nansha Pilot Free Trade Zone, with trade by cross-border e-commerce as a

breakthrough. The Nansha Entry-Exit Inspection and Quarantine Bureau implements on-site inspection and release on Macao food products such as mooncakes entering the Mainland via Nansha using the cross-border e-commerce channel, significantly reducing the time needed for inspection and quarantine from originally three weeks to inspection and release in several minutes. Furthermore, the manufacturing information of Macao mooncakes being imported into the Mainland can be made easily accessible for Mainland consumers by using the global quality tracking system, which also ensures the quality of goods, strengthening the confidence of Mainland consumers in Macao products and beneficial to enhancing the good reputation of Macao products in terms of quality and integrity. On 25 September 2017, trucks containing almost 1,500 boxes of mooncakes and festive pastries made in Macao were put on with Green Customs Seals at the Cotai Frontier Port of Macao with the goods cleared at the port of Nansha as cross-border e-commerce goods and delivered to the hands of customers in Guangzhou, Changsha and Shanghai, etc.



A first batch of Macao mooncakes and festive pastries is sold to the Mainland via the cross-border e-commerce channel

According to some SMEs that are selling their products via cross-border e-commerce for the first time, this channel is more suitable to the market needs and fits in with the modern modes of consumption, while it is easier to participate in cross-border e-commerce than expected and the results

are remarkable. Source of customers has been developed apart from traditional sales channels while publicities of their own brands have been enhanced. In future, they

will continue using cross-border e-commerce to sell more other souvenir products.

5. “Briefing Session on the Pre-inspection System for ‘Food under CEPA’ in Nansha” held in Macao

To promote customs clearance facilitation for Macao food products, the Guangdong Entry-Exit Inspection and Quarantine Bureau has implemented a pre-inspection system on Macao food products imported under CEPA. In view of this, the Macao Economic Services (DSE), the Civil and Municipal Affairs Bureau (IACM) and the Industrial Association of Macau jointly organised the “Briefing Session on Pre-inspection System for ‘Food under CEPA’ in Nansha” on 14 July. The pre-inspection system for “Food under CEPA” is mainly applicable to five types of food products entering the Mainland via the port of Nansha in Guangzhou under the CEPA zero-tariff measures for Macao goods, including cakes, biscuits, beverages, confectionaries and spices.

The pre-inspection system for “Food under CEPA” concerned mainly consists of four steps, (1) the importer or manufacturer files registration with the inspection and quarantine bodies in Nansha by providing information such as name of goods, brand, specification, tariff code, label, country of origin, name of exporting and manufacturing enterprises, etc. prior to the goods entering the border for the first time; (2) when the goods are under import customs inspection, CEPA specific Certificate of Origin issued by the DSE and health certificate issued by IACM have to be provided; (3) “Food under CEPA” imported for the first time is subject to full inspection. When the same type of goods under CEPA is imported again, pre-inspection of goods can be implemented as an express inspection process which only requires document and on-site inspection procedures for that consignment of goods; and (4) inspection and quarantine bodies in

Nansha may release the arrived goods in advance after taking random samples for inspection and recall the goods in case the samples fail the inspections afterwards. Under the food pre-inspection system, the express inspection procedures can be completed in minimum of 3 hours.

Enterprises can apply for the sanitary certificate from IACM which, after having examined the goods, will specify the items and number of the relevant tests that will be conducted by third-party organisations authorized by the enterprises. If the test results meet the standards, IACM will visit the manufacturing premises to conduct inspections on their manufacturing processes and hygiene conditions. Sanitary certificate will be issued after the inspections are passed. IACM usually requires 2 to 3 working days from inspection to issuance of sanitary certificate.

The pre-inspection system for “Food under CEPA” has created favorable conditions for the development of the food processing industry in Macao and a positive effect on promoting moderate diversification of Macao’s economy. It has also received positive feedbacks from the industry.



Briefing Session on the Pre-inspection System for ‘Food under CEPA’ in Nansha

6. New Measures for Importing Made-in-Macao Mooncakes into the Mainland under General Trade

The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China issued on 29 September 2017 a notice concerning the inspection and quarantine requirements for mooncakes (containing meat and egg) originating from Hong Kong/ Macao and importing into the Mainland, permitting imports of mooncakes originating from Hong Kong/ Macao under general trade upon complying with the following requirements:

1. Manufactured by enterprises licensed by the Hong Kong/Macao Special Administrative Region Government.

2. Meat (except beef)/eggs used as raw materials originated from the Mainland and have passed the inspection and quarantine.

3. Undergone heat treatment at a core temperature above 85°C for not less than 30 minutes.

4. Attached with Health Certificate for Foods of Animal Origin issued by the Food and Environmental Hygiene Department of the Hong Kong Special Administrative Region/Civil and Municipal Affairs Bureau (IACM) of the Macao Special Administrative Region. Information such as type of product, country of origin, destination of export and sanitary certificate shall be specified on the certificate.

Mooncakes made in Macao have earned favorable reputations over time for their traditions of craft and fine qualities. In the past, due to constraints of inspection and quarantine procedures and time, enterprises in Macao often missed the best selling opportunities when exporting mooncakes to the Mainland. The abovementioned optimisation measures allow local mooncake

manufacturers to enjoy streamlined inspection and quarantine procedures for their imports into the Mainland by presenting the Health Certificate for Foods of Animal Origin issued by the IACM, enhancing the customs clearance efficiency of mooncake products and providing favorable conditions for small and medium-sized enterprises to export their mooncake products. On 30 September, a first batch of over 100 boxes of mooncakes manufactured by Macao enterprises was imported into the Mainland through the Hengqin Port by means of the new measures.