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Editor's Notes

CEPA has come into force for more than a year, and the implementation in all relevant areas has been launched accordingly. From 2005, CEPA will enter into a stage of more extensive and in-depth cooperation in the sense that closer economic integration will be realized on the existing basis. In the aspect of trade in goods, Macao products eligible for zero-tariffs benefit will be increased from 311 items to 501 items (according to the 2005 Tariff Codes, there were 509 items of products enjoying zero tariffs benefit in the first and second phase of CEPA). On the front of trade in services, 8 service sectors have been added on top of the original 18 service sectors, and 11 new sectors will be opened up for foreign investment. In the past year, satisfactory progress was made in the sphere of trade in services, with 48 applications approved and 182 certificates issued. Also, at the beginning of this year, Macao service suppliers from legal service sector and convention and exhibition sector obtained Macao Service Supplier Certificates for the first time. In the Year of Rooster, it is expected that more companies from different sectors will take advantage of CEPA and expand their businesses into the Mainland.

Here on behalf of all the staff of “CEPA Newsletter”, we wish all of you a happy, healthy and prosperous Year of Rooster.

1. The Vetting Committee selected the first 23 projects to be implemented in the Macao Park of the Zhuhai-Macao Cross Border Industrial Zone



Mr. Francis Tam Pak Yuen, the Secretary for Economy and Finance, announced the list of enterprises that can be set up in the Macao Park of the Zhuhai-Macao Cross Border Industrial Zone. (Courtesy photo from the Government Information Bureau)

On 25th January, the Vetting Committee of the Zhuhai-Macao Cross Border Industrial Zone announced a list of the first 23 projects to be set up in the Macao Park of the Industrial Zone. These 23 projects include 7 companies allowed to construct factories on conceded land, and other 16 companies lease factories constructed by the government. The projects are to settle in the Zone involve various industries, such as textile and garment (6 companies), pharmaceutical products (7 companies), food manufacturing (2 companies), electronic products, plastic products, gaming equipment, toys and cosmetics, clothing, multimedia software design, computer technology, concrete production and chemical engineering. Among those, 10 projects were invested by foreign enterprises, accounting for about 43.5% of the total approved projects. The remaining 13 projects were conceded to local enterprises, about 56.5% of the total projects.

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Mr. Francis Tam Pak Yuen, Secretary for Economy and Finance of the MSAR, stated that around MOP800 million have been invested in the first batch of approved projects, which are foreseen to come into operation at the end of this year. It is envisioned that around 6,400 employment opportunities will be created as a result. With regards to the management of the Zone, the Macao Park will adopt an open mode of management so that companies can enjoy the same industrial policies whether they are located inside or outside the Park. Thus, enterprises that are not selected to operate in the Park this time may choose to set up factories in Macao or wait for the second round of selection.

2. Officials from the Central Government of the PRC to attend a forum, exchanging views with local businesses and evaluating the effects of the implementation of CEPA

On 22nd December 2004, Dr. Zhang Xiaoji, the Director-General of the Research Department of Foreign Economic Relations at the Development Research Center (DRC) of the State Council of the People's Republic of China, along with a delegation of 12 officials, visited Macao and attend two public forums held at the Macao World Trade Center on CEPA with Macao Government

Departments and representatives from various industries. In the morning, Dr. Zhang and the Central government delegation, along with 39 representatives from 15 Macao Governmental Departments participated in the forum. Both sides engaged in an extensive and in-depth discussion on the CEPA implementation status in 2004 in an amicable manner. Different representatives from the government departments of Macao also expressed their opinions regarding the content and the problems encountered in implementing CEPA. Dr. Zhang said that they were pleased to take this opportunity to gather more information for the State Council to carry out further researches on the economic effectiveness of CEPA.



Mainland officials and representatives from various government departments of Macao participated in the CEPA forum.

In the afternoon, the delegation met with 25 representatives from the local business community for exchanging opinions. Elite businessmen voiced constructive comments on the opportunities offered and the challenges posed by CEPA. They indicated that some of the market access requirements stipulated in CEPA failed to factor in the situation of Macao, and hoped that the entry requirements could be relaxed in the future. Furthermore, the local business community were concerned about the laws and regulations, as well as the administrative

measures in the Mainland, and exchanged views with the Central government delegation on issues such as the value-added tax, importation rights, taxes withheld and paid to the authorities, the rules of origin, problems of customs clearance, recognition of professional qualifications, operation of customs check points, shareholding ratio, professional examinations, etc. In conclusion, Dr. Zhang stated that they had a basic understanding of what the local businesses were concerned most. He reaffirmed the positive attitudes of the business community of Macao towards the implementation of CEPA and stated that the Central Government would seriously consider the suggestions raised by the local businesses.

3. Guangdong Officials came to Macao to brief in an explanatory session on “CEPA – Policies and Implementation”

The Economic and Trade Commission of Guangdong Province and the Macao Economic Services jointly held an explanatory session on “CEPA – Its Policy and Implementation in Macao” on 24th January 2005. During this session, representatives from Department of Foreign Trade and Economic Cooperation of Guangdong Province, Guangdong Provincial

Administration for Industry and Commerce, Guangdong Provincial Office of the State Administration of Taxation, the Local Taxation Bureau of Guangdong Province and the Guangdong Provincial Communications Department gave detailed explanations on specific regulations and procedures which Macao businesses would encounter in the process of the implementation of CEPA, and answered questions raised by the local business community.

In the session, Mr. Wu Kai Li, Counsel of the Guangdong Provincial Economic and Trade Commission and the Director of the Provincial Economic Cooperation Office, said that since the implementation of CEPA, economic and trade exchanges between Guangdong and Macao had been gradually increasing. Until last October, a total of 5,682 companies from Macao invested in Guangdong, with a total direct investment of about USD3.2 billion. Among those investments, USD1.182 billion were invested during the five



The guest speakers from the Guangdong Province and Mr. Sou Tim Peng, the Acting Director of Macao Economic Services listened attentively to the questions raised by local businesses.

years after the handover of Macao, accounting for about 35.6% of the total amount of Macao investment since the reform and opening up of Guangdong province. Moreover, in the first 10 months of last year, the total value of the imports and exports between Guangdong and Macao reached USD1.985 billion, representing an increase of 20.5% over the same period of the previous year. Under the framework of CEPA, cooperation among the service industries between Guangdong and Macao was also satisfactory. In last year alone, the Guangdong Province recorded 120 individually owned stores set up by Macao residents, amounting to a total registered capital of RMB3.557 million. Also, a total of 87 candidates from Macao sat for the 2004 National Qualification Examination for Physicians in Zhuhai.

4. The National Vocational Qualification Examination Cooperation Agreement was signed in Macao, allowing local residents to sit for the examinations easier

The Provincial Labor and Social Security Departments of the Vocational Skills Testing Center in Guangdong, and the Macao Productivity and Technology Transfer Center held a signing ceremony for “The National Vocation Qualification Assessment Cooperation Agreement in the Macao SAR” on 31st January 2005 at the Macao World Trade Center. The signing of the Agreement symbolized the significant progress achieved in the promotion of human resources training and labor movement under the framework of CEPA.

After the signing and implementation of CEPA and its various “Supplements”, the Mainland has been granting more favorable market access conditions to Macao Service Suppliers. However, residents from Macao who wish to engage in businesses in the Mainland are required to have national vocational qualifications. To enable Macao residents to obtain the national vocational qualifications, the Macao Productivity and Technology Transfer Center set up a dedicated “National Vocational Examination Coordination Center” so as to organize Macao residents to sit for the relevant examinations. Through cooperation with the Occupational Skill Testing Authority of Guangdong, the Macau Center provides a wide-range of services including: releasing information regarding the examinations, setting up examination centers in Macao, organizing local residents to sit for the examinations, and supporting local organizations to provide training courses for the examinations. In the meantime, the items for occupational skill testing available in Macao include: beauty treatment, hair-dressing, Chinese cooking, logistics, information and cutting-edge technology. Also, vocational examinations of other titles will be organized in the future. It is believed that Macao residents will be able to sit for the examinations after the second quarter this year, bestowing them more flexibility and competitiveness when developing their business in the Mainland.



Mr. Zhou GuaTian, Director of the Occupational Skill Testing Authority of Guangdong and Mr. Kwan Wan U, the Director General of the Macao Productivity and Technology Transfer Center represented Guangdong and Macau respectively when signing the Agreement.

5. Local enterprises in the sectors of legal services and convention and exhibition received Macao Service Suppliers Certificates



Mr. Rui Cunha of C&C Lawyers and Notaries received the Certificate.

The Macao Economic Services issued Macao Services Supplier Certificates to local companies in the legal service and the convention and exhibition service sectors on 21st January 2005. Since CEPA came into effect, it has been the first time that companies engaged in the two service sectors received the Macao Service Supplier Certificates, reflecting the industrial diversification through utilizing the benefits of

CEPA to develop the Mainland market and the success of breaking through the plight of overly dependence on the transportation and logistics industries.

Mr. Rui Cunha, an attorney representing C&C Lawyers and Notaries, accepted the Certificate in person. He said that the CEPA Certificate would help his firm launch cooperation of wider scopes with legal service companies in the Mainland, and at the same time enables their overseas partners to draw upon their experience of expanding the Mainland market.

“Prime Marketing and Promotional Services Company Ltd” also received a Macao Service Supplier Certificate. Ms. Lou Tak Wa, Managing Director of the company, stated that her company would be on a vantage-point to set up a wholly-owned company in Beijing and expand their businesses in the Mainland after receiving the CEPA Certificate.



The Managing Director of Prime Marketing and Promotional Services Company Limited received the Certificate.