



# 內地與香港關於建立 更緊密經貿關係的安排

Mainland and Hong Kong  
Closer Economic Partnership Arrangement  
(CEPA)

實施細節  
Implementation Details

# BACKGROUND

The main parts of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) were signed on 29 June 2003. The Government of the Hong Kong Special Administrative Region (HKSARG) and the Central People's Government (CPG) have reached agreement on the implementation details, and signed the six CEPA Annexes on 29 September 2003.

## SUMMARY OF IMPLEMENTATION DETAILS

### Trade in Goods (Annexes 1, 2 and 3 of CEPA)

#### *Import Tariffs (Annex 1)*

The Mainland will apply zero import tariff from 1 January 2004 for exports from Hong Kong meeting CEPA origin rules in 273 Mainland product codes. As a result of the zero tariff concession under CEPA and China's commitments upon accession to the WTO, about 90% of the value of Hong Kong's domestic exports to the Mainland will enjoy zero tariff by 1 January 2004. These products include:

- electrical and electronics products
- plastic articles
- paper articles
- textiles and clothing
- chemical products
- pharmaceutical products
- clocks and watches
- jewellery
- cosmetics
- metal products

For other products, the Mainland will apply zero tariff latest by 1 January 2006 upon applications by local manufacturers and upon CEPA origin rules being agreed and met.

Before 1 October each year, both sides will confirm the product list and complete consultations on the origin rules. For products that are currently in production, tariff elimination will commence in the following year. For products that have not yet been manufactured in Hong Kong, zero tariff will be applied from 1 January of the following year after the products have come into production.

#### *CEPA Rules of Origin (Annex 2)*

In respect of the 273 Mainland product codes covered in the initial phase:

- 187 (68%) product codes will use the existing Hong Kong origin rules as CEPA origin rules. These include items such as textiles and clothing, jewellery, cosmetics, pharmaceutical products, and plastic and paper articles.
- 46 (17%) product codes will adopt the "Change in Tariff Heading" (CTH) (Note 1) rule as CEPA origin rules. These include items such as chemical products, metal products, some electronic products and electronic components.
- 40 (15%) product codes will adopt a 30% value-added requirement as CEPA origin rules. These include items such as some electronic and optical components,

watches and clocks, and watch movements. The 30% value-added formula will include the cost of local raw materials and component parts, local labour cost, and the cost of product development incurred in Hong Kong.

For the remaining products not covered in the initial phase, upon applications by local manufacturers, the two sides will discuss and agree on the applicable origin rules in accordance with a specified timetable.

### ***Procedures for Claiming Zero Tariff (Annex 3)***

To claim zero import tariff under CEPA, products importing into the Mainland must be accompanied by a Certificate of Hong Kong Origin-CEPA (CO(CEPA)) issued by the Trade and Industry Department or one of the Government Approved Certification Organizations (Note2). The application procedures for CO(CEPA) are largely the same as the existing arrangement for issuing the regular Certificates of Hong Kong Origin.

### ***Customs Cooperation (Annex 3)***

To ensure smooth implementation of the CEPA origin rules and prevent illegal circumvention, a computer link and an electronic data exchange mechanism have been established between the issuing and regulatory authorities of both sides so that information on CO(CEPA) issued in Hong Kong can be transmitted to the Mainland to facilitate verification at customs entry points. The two sides have also agreed on co-operation between the two Customs administrations to strengthen enforcement of the CEPA origin system.



## **Trade in Services (Annexes 4 and 5 of CEPA)**

### ***Liberalization of 18 Services Sectors (Annex 4)***

The Mainland has agreed on 29 September 2003 to grant preferential treatment in one additional sector, i.e. the telecommunications services, taking the total number of sectors covered under CEPA to 18. These include:

- management consulting services;
- convention and exhibition services;
- advertising services;
- accounting services;
- real estate and construction services;
- medical and dental services;
- distribution services;
- logistics services;
- freight forwarding agency services;
- storage and warehousing services;
- transport services;
- tourism services;
- audiovisual services;
- legal services;
- banking services;
- securities services;
- insurance services; and
- telecommunications services.

The Mainland will apply to service suppliers in Hong Kong the specific commitments set out in CEPA Annex 4 as from 1 October 2003 for the telecommunications sector and as from 1 January 2004 for the other 17 sectors.



### **Definition and Certification of "Hong Kong Service Suppliers (HKSS)" (Annex 5)**

Generally speaking, "juridical person" including companies, partnerships, sole proprietorships, as well as "natural persons" of Hong Kong will be able to enjoy preferential treatment granted by the Mainland in CEPA Annex 4 provided that they fulfil the definition and related requirements of Hong Kong service suppliers stipulated in CEPA Annex 5. Unless otherwise specified in CEPA, a "natural person" means a Hong Kong permanent resident whereas a "juridical person" means any legal entity duly constituted or otherwise organized under the applicable laws of Hong Kong and has engaged in substantive business operations in Hong Kong for three to five years.

On the certification procedures, Hong Kong service supplier as a juridical person should apply to the Trade and Industry Department (TID) for a Certificate of Hong Kong Service Supplier (HKSS) before it can apply to the relevant Mainland authorities for the provision of relevant services in the Mainland under CEPA. Applicant should submit to TID an application form, a copy of statutory declaration attested by an attesting officer recognized by the Mainland, as well as other relevant supporting documents.

With effect from 2 October 2003, service suppliers in the telecommunications sector may submit their applications for the Certificate of Hong Kong Service Supplier to the TID. Detailed application procedures can be found on the web site of TID ([www.tid.gov.hk](http://www.tid.gov.hk)). For the other 17 sectors, details of the application procedures for Certificate of Hong Kong Service Supplier will be promulgated in November 2003.

A Hong Kong service supplier who wants to obtain CEPA treatment as a natural person should provide to the relevant Mainland authorities identification of his or her Hong Kong permanent resident status. He or she should also provide his/her Home Visit Permit or HKSAR passport if he or she is a Chinese citizen. Copies of the identification documents should be attested by an attesting officer recognized by the Mainland.

## Trade and Investment Facilitation (Annex 6 of CEPA)

Both sides agree on enhancing co-operation in the following seven areas –

- trade and investment promotion
- customs clearance facilitation
- commodity inspection and quarantine, food safety, quality and standardization
- electronic business
- transparency in laws and regulations
- cooperation of small and medium enterprises
- cooperation in Chinese medicine industry

The two sides agreed on the contents and modalities of cooperation for each of the seven areas above, and that new areas of trade and investment facilitation might be added in future.



## FURTHER LIBERALIZATION

CEPA adopts a building block approach and provides a mechanism for further liberalization measures. With a view to broadening CEPA's scope and coverage, the two sides agree to pursue further liberalization on goods and services trade in the latter phases. Liaison mechanisms already established will be utilized for implementation purpose as far as possible, and the Joint Steering Committee of CEPA will be responsible for overall coordination.

## ECONOMIC BENEFITS OF CEPA

In terms of economic benefits, CEPA has good potential to open up many new business opportunities in the Mainland for Hong Kong. The zero import tariff preference may attract to Hong Kong manufacturing of brand name products, or manufacturing process with high value-added content or substantial intellectual property input. The WTO-plus market liberalization measures for trade in services would give enterprises in Hong Kong a "first mover" advantage. Obviously, it is up to the businessmen from Hong Kong and elsewhere in the world to decide whether and how they would like to leverage on CEPA to gain greater access into the Mainland market. This will determine the scale of CEPA-induced business activities and the direct and indirect economic spin-offs for Hong Kong. At this point in time, it is difficult to quantify, with reasoned assumptions, the effects of these potential new opportunities.

## WAY FORWARD

The HKSARG shall spare no effort in encouraging the business sector in Hong Kong to make full use of the preferences under CEPA. We will underline the many business opportunities offered by CEPA in our promotion work to attract more foreign investment to Hong Kong. We will also discuss with the concerned sectors on appropriate policy measures that may be required to enable them to gain the greatest benefits from CEPA.

## ENQUIRIES

For more details on CEPA, please visit the Trade and Industry Department's web site: [www.tid.gov.hk/english/cepa/](http://www.tid.gov.hk/english/cepa/).

For enquiries, please refer to the following contacts:

<u>Subject</u>	<u>Contacts</u>
• General	Tel. 2398 5667 Fax. 3525 0988 E-mail: <a href="mailto:cepa@tid.gov.hk">cepa@tid.gov.hk</a>
• Enquiries on Rules of Origin, Certificate of Origin and Factory Registration	Tel. 2398 5525 Fax. 2787 6048 E-mail: <a href="mailto:cepaco@tid.gov.hk">cepaco@tid.gov.hk</a>
• Enquiries on Certificate of Hong Kong Service Supplier	Tel. 3403 6428 Fax. 3525 0988 E-mail: <a href="mailto:hkss@tid.gov.hk">hkss@tid.gov.hk</a>

**Trade and Industry Department  
HKSAR Government**

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(Note 1) A "CTH" origin rule means that the products have been manufactured to the extent that their classification in the World Customs Organization Harmonized System falls in a different four-digit heading from the classification of the non-originating constituent materials used. For example, printed matters are classified under HS 4911. If they are manufactured from paperboards classified under HS 4810, the "CTH" rule is fulfilled.

(Note 2) Under the Protection of Non-Government Certificates of Origin Ordinance (Cap. 324), there are five Government Approved Certification Organizations (GACOs) designated to issue certificates of origin: Chinese Manufacturers' Association of Hong Kong; Federation of Hong Kong Industries; Hong Kong General Chamber of Commerce; Indian Chamber of Commerce, Hong Kong; and Chinese General Chamber of Commerce.