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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)



Introduction

- The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is the first free trade agreement concluded by the Mainland China and Hong Kong. Its main text was signed on 29 June 2003.
- CEPA is an open and developing free trade agreement. CEPA adopts a building block approach, with the scope and content of the agreement expanding.
- CEPA is a win-win trade agreement, illustrating the mutually beneficial relationship of economic co-operation between the Mainland and Hong Kong. CEPA not only opens up the huge Mainland market for Hong Kong products and services, but also helps enhance the professional standards of Mainland's service industries and contributes to its long term economic development.

Coverage of CEPA

CEPA covers three broad areas:

(1) Trade in Goods

- Trade in goods has been fully liberalised. All products of Hong Kong fulfilling the mutually agreed CEPA rules of origin (ROOs) can enjoy zero tariff treatment upon importation to the Mainland.

(2) Trade in Services

- Enterprises and professionals of service industries in Hong Kong enjoy preferential treatments in various sectors in setting up business in the Mainland.

(3) Trade and Investment Facilitation

- Both sides have been strengthening co-operation in various areas, with a view to improving the overall business environment and facilitating the effective implementation of CEPA:
 - ◆ trade and investment promotion
 - ◆ customs clearance facilitation
 - ◆ commodity inspection and quarantine, food safety and quality and standardization



- ◆ electronic business
- ◆ transparency in laws and regulations
- ◆ co-operation of small and medium enterprises
- ◆ co-operation in Chinese traditional medicine and medical products sector
- ◆ protection of intellectual property

How to benefit from CEPA?

- **Manufacturers in Hong Kong:** All goods manufactured in Hong Kong and meeting CEPA ROOs can enjoy zero tariff benefit upon importation to the Mainland.
- **Service suppliers in Hong Kong (enterprises and individuals):** Hong Kong service suppliers (HKSS) can enjoy preferential treatments in various services sectors in setting up business in the Mainland.
- **Professionals in Hong Kong:** The agreements and arrangements on mutual recognition of professional qualifications concluded by the professional bodies of Hong Kong and the regulatory institutions of the Mainland facilitate entry of various professions into the Mainland market.
- **Mainland enterprises:** The Mainland streamlines the application procedures of Mainland enterprises to invest in Hong Kong.
- **Foreign investors:** CEPA does not impose any restriction over the source of capital of investors. For trade in goods, foreign investors can set up production lines in Hong Kong to produce goods meeting CEPA ROOs so as to enjoy zero import tariff benefit to the Mainland. For trade in services, the companies incorporated and set up in Hong Kong by foreign investors can also enjoy the CEPA treatments to start business in the Mainland, provided that they satisfy the eligibility criteria of HKSS stipulated under CEPA.
- **The business community of Hong Kong:** Under trade and investment facilitation, the Mainland and Hong Kong have been strengthening co-operation in various areas to improve the overall business environment.

Trade in Goods under CEPA

Zero Import Tariff to the Mainland

- All products of Hong Kong fulfilling the mutually agreed CEPA rules of origin (ROOs) enjoy zero tariff benefit upon importation to the Mainland, except for a minority of prohibited articles of the Mainland (such as used or waste electrical machinery and medical/surgical products, chemical residual, municipal waste, tiger bone and rhinoceros horn, etc).
- Hong Kong and the Mainland have already agreed on the CEPA ROOs for over 1,000 products (based on the Mainland tariff classification). The majority follow process-based rules of origin, while others follow either "Change in Tariff Heading", "Value-added content", or rules having regard to the characteristics of products concerned.
- The list of products with agreed CEPA ROOs and corresponding rules are available at CEPA website (http://www.tid.gov.hk/english/cepa/tradegoods/trade_goods.html).
- For products that have no agreed CEPA ROOs for the time being, Hong Kong manufacturers may request to include the relevant products in ROO discussions to be held twice a year. The Trade and Industry Department (TID) has issued circulars on the procedures of lodging requests, which can be downloaded from CEPA website (http://www.tid.gov.hk/english/cepa/tradegoods/trade_goods.html).

Application Procedures for Zero Tariff

- Manufacturers should first apply to TID for a Factory Registration (FR) to demonstrate that their factories possess sufficient capacity to produce goods for export.
- To claim zero tariff benefit, every consignment of goods to the Mainland must be accompanied by a Certificate of Hong Kong Origin-CEPA [CO(CEPA)] issued by TID or one of the Government Approved Certification Organizations (GACOs) ^(Note 1).
- The application procedures and issuing conditions for applying FR and CO(CEPA) are set out in TID's Certificate of Origin Circulars. Circulars can be obtained from CEPA website (http://www.tid.gov.hk/english/cepa/tradegoods/trade_goods.html).

(Note 1) 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: the Chinese Manufacturers' Association of Hong Kong; Federation of Hong Kong Industries; the Hong Kong General Chamber of Commerce; the Indian Chamber of Commerce, Hong Kong; and the Chinese General Chamber of Commerce.

Trade in Services under CEPA

To set up business in the Mainland with preferential treatments

- Under CEPA, service suppliers in Hong Kong enjoy preferential treatments to set up business in various services sectors in the Mainland. Many of these are sectors in which Hong Kong has competitive advantages:
 - Accounting
 - Advertising
 - Air transport
 - Audiovisual
 - Banking
 - Building-cleaning
 - Computer and related services
 - Convention and exhibition
 - Cultural
 - Distribution
 - Environmental
 - Freight forwarding agency
 - Individually owned store
 - Information technology
 - Insurance
 - Job intermediary
 - Job referral agency
 - Legal
 - Logistics
 - Management consulting
 - Market research
 - Medical and dental
 - Patent agency
 - Photographic
 - Printing
 - Professional qualification examinations
 - Public utility
 - Real estate and construction
 - Securities and futures
 - Services related to management consulting
 - Social service for the elderly
 - Sporting
 - Storage and warehousing
 - Telecommunications
 - Tourism
 - Trade mark agency
 - Translation and interpretation
 - Transport (including road freight / passenger transportation and maritime transport)
- The Mainland's liberalisation measures under CEPA permit earlier and wider access for Hong Kong service suppliers (HKSS) to enter into the Mainland market to set up businesses. The preferential treatment takes various forms, including permission of wholly-owned operations, relaxation of the restrictions on equity shareholding, reduction of registered capital and business turnover requirements, as well as relaxation of the restrictions over geographical location and business scope.

Definition of HKSS and Certification

- Both "natural persons" and "juridical persons" of Hong Kong are able to enjoy preferential treatment offered by the Mainland if they fulfil the definition of HKSS under CEPA. HKSS as a "natural person" means a Hong Kong permanent resident, whereas HKSS as a "juridical person" means any legal entity duly constituted or otherwise organised under the applicable laws of Hong Kong (i.e. companies, partnerships and sole proprietorships) and which has engaged in substantive business operations in Hong Kong for 3 to 5 years. Service supplier as a juridical person should apply to the Trade and Industry Department (TID) for a HKSS Certificate, and then apply to the relevant Mainland authorities for providing services in the Mainland with CEPA treatments. Service supplier who wants to obtain CEPA treatments as a natural person is not required to apply for HKSS Certificate.

Mutual Recognition of Professional Qualifications

- Under CEPA, Hong Kong and the Mainland have committed to encourage mutual recognition of professional qualifications and promote the exchange of professional talents of the two places. Professional bodies and regulatory institutions of the two places have concluded mutual recognition agreements or arrangements in the following professions:
 - ◇ estate surveyors
 - ◇ securities and futures
 - ◇ architects
 - ◇ insurance practitioners
 - ◇ patent agents
 - ◇ structural engineers
 - ◇ accounting
 - ◇ planners
 - ◇ quantity surveyors
 - ◇ building surveyors

2007 Liberalisation Measures of Trade in Services

- The Mainland and Hong Kong signed Supplement IV to CEPA on 29 June 2007 which agrees on a package of further liberalisation measures. The two sides will also enhance co-operation in finance, convention and exhibition, and mutual recognition of professional qualifications. Full text of the Supplement can be downloaded from the Trade and Industry Department's CEPA website at <http://www.tid.gov.hk/english/cepa/>. Some highlights of liberalisation measures are:
- **Convention and Exhibition** : Hong Kong service suppliers (HKSS) can organise exhibitions in Guangdong Province and Shanghai Municipality on a pilot basis through cross-border supply. The exhibition enterprises set up by them in Guangdong Province and Shanghai Municipality can organise overseas exhibitions for enterprises incorporated in the province/municipality on a pilot basis.
- **Banking** : The minimum asset requirement for a Hong Kong bank to acquire shareholding in a Mainland bank will be reduced. The "substantial business operation" requirement for HKSS will be relaxed.
- **Tourism** : The minimum annual business turnover required for Hong Kong travel enterprises to establish joint venture travel agents and wholly-owned travel agents in the Mainland will be lowered. Besides, Hong Kong travel agents established in Guangxi, Hunan, Hainan, Fujian, Jiangxi, Yunnan, Guizhou and Sichuan will be allowed to apply for the operation of group tours to Hong Kong and Macao on a pilot basis for the permanent residents in these provinces.
- **Cultural** : HKSS can set up wholly-owned performing arts agencies in the Mainland. Subject to prior approval of the relevant Mainland authorities, Hong Kong performing arts agencies and performing arts groups will be allowed to organise commercial performances in Guangdong Province and Shanghai Municipality on a pilot basis through cross-border supply.
- **Medical and Dental** : The minimum investment amount for HKSS to set up medical institutions on equity or contractual joint venture basis in the Mainland will be reduced. HKSS who have obtained a "medical practitioner's qualification certificate" of the Mainland can follow the same conditions that are applicable to Mainland practitioners when setting up solo practice clinics.
- **Public Utility** : HKSS can set up wholly-owned operations to construct and operate networks of gas, heating, water supply and water drainage for medium-sized cities in the Mainland.
- **Social Service for the Elderly** : HKSS can operate elderly service agencies in the form of wholly-owned private non-government enterprises to provide elderly services in Guangdong Province on a pilot basis.
- **Other Liberalised Areas** : HKSS can set up wholly-owned or joint venture enterprises in 11 services areas offered by the Mainland to the ASEAN countries under the ASEAN-China Free Trade Agreement: computer and related services, market research, services related to management consulting, building-cleaning, photographic, printing, translation and interpretation, environmental services, sporting, air transport and road transport.



查詢 Enquiry

- **CEPA專題網站** (http://www.tid.gov.hk/tc_chi/cepa/index.html) 提供CEPA各個範疇的開放內容和實施細節，包括「CEPA服務業資料庫」，載列不同行業在內地申請開業的程序和要求。
CEPA website (<http://www.tid.gov.hk/english/cepa/index.html>) provides information on the content and implementation details of various CEPA liberalisation measures, including the "CEPA Services Information Database" on procedures and requirements of setting up business for different sectors in the Mainland.
- 工業貿易署提供多條**查詢熱線**，處理各類有關CEPA的疑問：
Trade and Industry Department operates **enquiry hotlines** to handle various kinds of questions on CEPA:

◇ CEPA的一般查詢 General Enquiry on CEPA	電話 Tel 2398 5667 傳真 Fax 3525 0988 電郵 Email cepa@tid.gov.hk
◇ 貨物貿易— CEPA原產地規則、申請 CEPA原產地證書及工廠登記 Trade in Goods — CEPA ROOs, Application for Certificate of Origin and Factory Registration	電話 Tel 3403 6432 / 2398 5525 傳真 Fax 2787 6048 電郵 Email cepaco@tid.gov.hk
◇ CEPA貨物貿易的一般查詢 General Enquiry on Trade in Goods under CEPA	電話 Tel 2398 5676 傳真 Fax 2398 9973 電郵 Email ma_registry@tid.gov.hk
◇ 服務貿易— 申請《香港服務提供者證明書》 Trade in Services — Application for HKSS Certificate	電話 Tel 3403 6428 傳真 Fax 3525 0988 電郵 Email hkss@tid.gov.hk



香港特別行政區政府 工業貿易署

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