



內地與香港關於建立
更緊密經貿關係的安排
實施細節

Mainland and Hong Kong
**Closer Economic
Partnership
Arrangement**
Implementation Details

INTRODUCTION

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) adopts a building block approach and provides a mechanism for further liberalization measures. Since the full implementation of CEPA on 1 January 2004, the Central People's Government (CPG) and the Government of the Hong Kong Special Administrative Region (HKSARG) have held a series of high level and senior official meetings with a view to broadening the scope of CEPA. The two sides agreed on a package of further liberalization measures (commonly referred to as "CEPA II") on 27 August 2004 and signed the Supplement to CEPA on 27 October 2004. The liberalization measures of CEPA II have come into full implementation since 1 January 2005.

IMPLEMENTATION DETAILS

Trade in Goods

Import Tariff

Under CEPA, the Mainland has agreed to apply zero import tariff for exports from Hong Kong meeting CEPA origin rules for goods in 1,108 Mainland 2005 tariff codes:

Phase (Implementation Date)	Coverage	
CEPA I (from 1 January 2004)	Goods under 379 Mainland 2005 tariff codes	Include electrical and electronic products; pharmaceutical products; plastic articles; clocks and watches; jewellery; textiles and clothing; cosmetics; chemical products; metal products
CEPA II <ul style="list-style-type: none">• Goods under current production (from 1 January 2005)• Goods proposed to be produced in Hong Kong (upon confirmation by the Mainland and Hong Kong that the proposed goods have come into production)	Goods under 540 Mainland 2005 tariff codes Goods under 189 Mainland 2005 tariff codes	Include aquatic products; food and beverages; chemical products; pharmaceutical products; plastic and rubber products; leather and fur products; textiles and clothing; metal products; mechanical, electrical and electronic products

For other goods that have not yet been included in the CEPA zero import tariff lists, the Mainland has agreed to apply zero tariff upon applications by local manufacturers to the Trade and Industry Department (TID), and upon CEPA origin rules being agreed and met. According to the established liberalization mechanism for trade in goods under CEPA, before 1 October each year, the Mainland and Hong Kong will confirm the product list and complete consultations on the origin rules. TID has invited manufacturers to submit requests for implementation of zero tariff from 1 January to 30 April 2005 in accordance with the procedures set out in a trade circular dated 28 December 2004, which can be downloaded from TID's website at http://www.tid.gov.hk/english/cepa/trade_goods.html.

CEPA Rules of Origin

Goods importing into the Mainland must fulfil the CEPA origin rules in order to claim zero import tariff under CEPA.

The majority of products covered in the initial and second phases of tariff preference follow **Hong Kong's existing rules of origin**, the remaining products follow either a "**Change in Tariff Heading**" rule, a "**value-added content**" rule, or a rule having regard to the characteristics of products concerned.

"**Change in Tariff Heading**" means that a product has been manufactured to the extent that its classification in the World Customs Organization Harmonized System falls in a different four-digit tariff heading from the classification of the constituent materials used.

"**value-added content**" rule refers to the total value of raw materials, component parts, labour costs and product development costs incurred in Hong Kong being greater than or equal to 30% of the FOB value of the exporting goods.

The lists of products covered under CEPA I and II and the relevant origin rules can be found in TID's website at http://www.tid.gov.hk/english/cepa/trade_goods.html.

Procedures for Claiming Zero Tariff

To claim zero import tariff under CEPA, products being exported into 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). Before applying for CO(CEPA), manufacturers are required to apply for a Factory Registration (FR) with TID to

demonstrate that their factories possess sufficient capacity to produce the goods for export. The application procedures and the conditions of issuing CO(CEPA) are set out in Certificate of Origin Circulars No. 24/2003 issued on 14 November 2003 and No. 19/2004 issued on 30 December 2004. Both circulars can be downloaded from TID's website (http://www.tid.gov.hk/english/cepa/trade_goods.html).

Confirmation of Commencement of Production of "Goods Proposed to be Produced"

For goods proposed to be produced in Hong Kong under the 189 Mainland 2005 tariff codes, manufacturers should submit to TID a completed "Notification on Commencement of Production of Goods Proposed to be Produced" after they have put these goods into production. TID shall then conduct verification jointly with the Customs and Excise Department and inform the Ministry of Commerce of the CPG. The Mainland shall, after confirmation by both sides, release the relevant imports on zero tariff basis in line with CEPA upon presentation of CO(CEPA) issued by TID or GACOs. TID has issued trade circulars (available from TID's website at http://www.tid.gov.hk/english/cepa/trade_goods.html) to announce the procedures in notifying TID and to inform the trade as and when the Mainland has applied zero tariff to certain "goods proposed to be produced" after confirmation.

Customs Cooperation

To ensure that goods claiming CEPA tariff preference comply with the relevant origin rules and to prevent circumvention, the Mainland and Hong Kong have established computer interconnection and an electronic data exchange mechanism. Information on CO(CEPA) issued in Hong Kong is transmitted to the Mainland electronically 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.

(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

Service suppliers in Hong Kong are now enjoying earlier and wider market access to the Mainland market in the following 26 service areas under CEPA I and II:

CEPA I – the Mainland has given preferential treatment to Hong Kong service suppliers in the following 18 sectors:

- management consulting
- advertising
- real estate and construction*
- audiovisual*
- freight forwarding agency*
- transport*
- distribution* (including individually owned stores *)
- banking*
- insurance
- convention and exhibition
- accounting*
- medical and dental*
- logistics
- storage and warehousing
- tourism
- legal*
- securities*
- telecommunications

CEPA II – the Mainland has broadened the liberalization in respect of 11 service sectors covered by CEPA I (with * above) and has introduced liberalization measures in the following 8 new areas:

- airport
- patent agency
- job referral agency
- cultural entertainment
- information technology
- trade mark agency
- job intermediary
- professional qualification examinations

Broadly speaking, the liberalization permits earlier access for Hong Kong service suppliers to the Mainland market, ahead of China's World Trade Organization (WTO) timetable. In some sectors, like audiovisual services, transport and related services and medical services, the concessions go beyond China's WTO commitments. In particular, under CEPA II the Mainland has agreed to lift the geographical restriction and expand the business scope for the individually owned stores set up by Hong Kong permanent residents with Chinese citizenship. The liberalization measures under CEPA I and II can be downloaded from TID's website

(http://www.tid.gov.hk/english/cepa/trade_services.html).

Definition and Certification of "Hong Kong Service Supplier"

Generally speaking, "juridical persons" (including companies, partnerships and sole proprietorships) as well as "natural persons" of Hong Kong will be able to enjoy preferential treatment granted by the Mainland, provided that they fulfil the definition and related requirements of Hong Kong service suppliers. 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 which has engaged in substantive business operations in Hong Kong for three to five years.

Hong Kong service supplier as a juridical person should apply to TID for a Certificate of Hong Kong Service Supplier (HKSS) before it can apply to the relevant Mainland authorities for providing services in the Mainland with preferential treatment 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. Detailed application procedures for all service sectors covered in CEPA have been announced in Notices to Service Suppliers No. 2/2004 (issued on 8 March 2004) and No. 4/2004 (issued on 30 November 2004), both of which can be downloaded from the website of TID (http://www.tid.gov.hk/english/cepa/trade_services.html).

A Hong Kong service supplier who wants to obtain CEPA treatment as a natural person is not required to apply for a Certificate of HKSS. He or she should provide to the relevant Mainland authorities identification of his or her Hong Kong permanent resident status. He or she should also provide his or 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.

Mutual Recognition of Professional Qualifications

As part of the services trade under CEPA, Hong Kong and the Mainland have committed to encouraging mutual recognition of professional qualifications and promoting the exchange of professional talents between each other. After the signing of the six Annexes of CEPA in September 2003, relevant professional and regulatory bodies of Hong Kong and the Mainland, with the support and facilitation of the CPG and the HKSARG, have concluded the following agreements or arrangements:

- a reciprocal agreement in early November 2003 for the estate surveyors;
- arrangements to facilitate the flow of qualified personnel and expertise in respect of the securities and futures industry in December 2003;
- a mutual recognition agreement for architects in February 2004;
- an agreement on measures to facilitate Hong Kong residents to take the "Mainland Insurance Practitioners Qualifying Examinations" in February 2004;
- arrangements to allow Hong Kong residents to take the "National Qualification Examination for Patent Agents" in April 2004;
- a mutual recognition agreement for structural engineers in August 2004;
- an arrangement for the exemption of professional examination papers in the accounting sector in August 2004.

Trade and Investment Facilitation

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 and quality and standardization
- electronic business
- transparency in laws and regulations
- cooperation of small and medium enterprises
- cooperation in Chinese traditional medicine and medical products sector

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.

WAY FORWARD

The HKSARG shall spare no effort in encouraging the local business sector to make full use of the preferences under CEPA. We will also underline the many business opportunities offered by CEPA in our promotion work to attract more foreign investment to Hong Kong.

With a view to broadening CEPA's scope and coverage, the CPG and the HKSARG shall continue to pursue further liberalization on goods and services trade through the established liaison mechanism. In this regard, the HKSARG shall continue to consult the business and professional communities to understand their needs. The HKSARG shall also discuss with the concerned business sectors on appropriate policy measures that may be required to enable them to gain the greatest benefits from CEPA.

ENQUIRIES

For enquiries, please make use of the following contacts or visit TID's website: <http://www.tid.gov.hk/english/cepa/>.

Subject

Contacts

- General
Tel: 2398 5667
Fax: 3525 0988
E-mail: cepa@tid.gov.hk
- Rules of Origin,
Certificate of Origin and
Factory Registration
Tel: 3403 6432 / 2398 5525
Fax: 2787 6048
E-mail: cepaco@tid.gov.hk
- Arrangements for the
Implementation of Zero
Tariff for "Goods
Proposed to be Produced"
and Requests for
Implementation of Zero
Tariff for Goods not
covered by CEPA
Tel: 2398 5676
Fax: 2398 9973
E-mail: ma_registry@tid.gov.hk
- Certificate of Hong Kong
Service Supplier
Tel: 3403 6428
Fax: 3525 0988
E-mail: hkss@tid.gov.hk



Trade and Industry Department
The Government of Hong Kong
Special Administrative Region