

Mainland / Hong Kong Closer Economic Partnership Arrangement (CEPA)

Six Annexes to the Mainland / Hong Kong Closer Economic Partnership Arrangement (CEPA), consisting of specific CEPA origin definitions applicable to 374 types of Hong Kong products that may enter the Mainland market on a duty-free basis as well as specific commitments on liberalization of Trade in Services were signed between the Central and Hong Kong SAR Governments on 29th June, 2003. CEPA has taken into effect from 1st January, 2004.

The six Annexes are: Annex 1: Arrangements for Implementation of Zero Tariff on Trade in Goods; Annex 2: Rules of Origin for Trade in Goods; Annex 3: Procedures for the Issuing and Verification of Certificates of Origin; Annex 4: Specific Commitments on Liberalization of Trade in Services; Annex 5: Definition of "Service Supplier" and Related Requirements; Annex 6: Trade and Investment Facilitation.

Under the CEPA, Hong Kong enterprises have an attractive opportunity to leverage on the zero-tariff status of goods of Hong Kong origin to compete favorably in an enormous and fast growing market in mainland. For mainland-based companies, Hong Kong offers a perfect environment for those who are ready to extend their business to international market and in so doing with what Hong Kong could uniquely offer in terms of an internationally accepted legal and Intellectual Property (IP) protection environment, the ease to raise financing and the value of the "Made in Hong Kong" label in both international and domestic markets.

On the trade in services, market access to 18 services sectors in the Mainland will be liberalized. The major liberalizations include the lifting of certain restrictions on market access; advancing the timetable for market opening and liberalization of market access. Hong Kong service suppliers are able to provide corresponding services in mainland subject to certain requirements. For some sectors, it is also allowed to set up wholly foreign owned enterprises. Hong Kong services suppliers will have earlier and wider access to the Mainland market, ahead of China's WTO timetable. For some sectors, CEPA even goes beyond China's WTO commitments.