

Zero Tariff in Trade of Goods and Certificate of Hong Kong Origin

A. Zero Tariff in Trade of Goods

After the implementation of the CEPA I and CEPA II, 1087 types of Hong Kong-produced products can enjoy zero tariff and be exported tariff-free to the mainland. Most of types of products have already enjoyed the tariff-free concessions since 1st January 2004 and 1st and January 2005 respectively. The remaining will enjoy tariff concessions from 1st January 2006, upon confirmation that production of these products has commenced in Hong Kong.

Pursuant to CEPA, for the products which have not been covered in CEPA I and CEPA II, the Hong Kong manufactures can submit the application to the Trade and Industry Department which, in consequence, will be examined and consulted between the mainland and Hong Kong sides.

In order to enjoy zero tariff upon importation into China under CEPA, the Hong Kong manufactures should apply for a Certificate of Hong Kong Origin – CEPA (“CO(CEPA)”).

Before the submission of application, manufacturers must be registered with the Trade and Industry Department for Factory Registration (FR) and the application shall be signed by an authorized signatory of the FR registrant concerned as kept in the Department's record. All CO(CEPA) applications must comprise a message submitted via Electronic Data Interchange (EDI) and a Web Portal submission of Chinese supplementary information.

B. Certificate of Origin and “Made in Hong Kong”

The relevant product must comply with the CEPA rules of origin in Annex 2 in order to obtain a Certificate of Origin. Generally speaking, the rules of origin set out in CEPA are as follows:

- (1) products wholly obtained in Hong Kong; or
- (2) products have undergone “substantial transformation” in Hong Kong; “substantial transformation” means:

- (a) the principal manufacturing or processing operations were carried out in Hong Kong which confer essential characteristics to the goods derived after the operations;
- (b) products have been manufactured to the extent that their classification in the Harmonised Systems falls in a different four-digit heading from the classification of the non-originating constituent materials used;
- (c) the value-added component produced in Hong Kong was 30 per cent or more of the total value of the finished product;
- (d) Combination of the above measures.