

Mainland and Hong Kong sign Agreement Concerning Amendment to the CEPA Agreement on Trade in Services

The Chief Executive, Mrs Carrie Lam, witnessed the signing of the Agreement Concerning Amendment to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) Agreement on Trade in Services (Amendment Agreement) by the Financial Secretary, Mr Paul Chan, and the Vice Minister of Commerce, Mr Wang Bingnan, today (November 21).

The Hong Kong Special Administrative Region Government and the Ministry of Commerce agreed to enhance the level of liberalisation on trade in services of the Mainland for Hong Kong under the framework of CEPA. The Amendment Agreement updates the commitments on liberalisation and facilitation of trade in services under the Agreement on Trade in Services implemented in June 2016. It lowers the market access thresholds in the Mainland for Hong Kong enterprises and professionals in response to proposals of the Hong Kong business community for more participation in the development of the Mainland market.

The Amendment Agreement introduces new liberalisation measures in a number of important services sectors such as financial services, legal services, construction and related engineering services, testing and certification, television, motion pictures and tourism services, making it easier for Hong Kong service suppliers to set up enterprises and develop business in the Mainland, allowing more Hong Kong professionals to obtain qualifications to practise in the Mainland, and allowing more of Hong Kong's quality services to be provided to the Mainland market. The liberalisation measures take various forms, including removing or relaxing restrictions on equity shareholding, capital requirements and business scope in the establishment of enterprises; relaxing qualification requirements for provision of services by Hong Kong professionals; and relaxing the quantitative and other restrictions for Hong Kong's exports of services to the Mainland market. Examples of the liberalisation measures applicable to the whole Mainland are as follows:

(a) Financial services: To support Mainland insurance companies issuing catastrophe bonds in the Hong Kong market and relax relevant requirements. The measure can promote the development of the insurance and bond markets in Hong Kong.

(b) Legal services: To remove the restriction on the minimum capital input ratio of the Hong Kong side for partnership associations set up by Hong Kong and Mainland law firms. The measure is beneficial to small and medium-sized law firms in entering the Mainland legal services market by way of partnership associations.

(c) Construction and related engineering services: To renew the expired

agreements for mutual recognition of professional qualifications, including agreements of structural engineers, planners, building surveyors and architects, providing Hong Kong professionals with more room for development.

(d) Testing and certification: To expand the scope of testing of products under the China Compulsory Certification (CCC) System that can be undertaken by qualified testing organisations in Hong Kong in co-operation with designated Mainland organisations from those processed or manufactured in the Mainland or processed in Hong Kong to CCC products processed or manufactured in any place. The measure will enable testing organisations in Hong Kong to provide quality testing services for the huge Mainland consumer goods market (including products imported from other places).

(e) Television: There will be no restriction on the quantity of Hong Kong-produced television dramas and animation television programmes imported by television stations, audiovisual websites and cable television networks in the Mainland. The measure will facilitate the entry of Hong Kong-produced television dramas and animation television programmes into the Mainland market.

(f) Motion pictures: For motion pictures co-produced by Hong Kong and the Mainland, there will be no restriction on the percentage of Hong Kong principal creative personnel and artistes as well as the Mainland-related content. The fees for establishing the Mainland and Hong Kong co-production motion picture projects will also be waived. The measures will help enhance the flexibility of producing co-productions.

In addition, the Amendment Agreement introduces some liberalisation measures for pilot implementation in the nine Pearl River Delta municipalities of the Guangdong-Hong Kong-Macao Greater Bay Area. For example, in the sector of tourism services, the 144-hour visa-exemption transit policy would be enhanced for foreign group tours entering the Pearl River Delta Area and Shantou from Hong Kong through increasing the number of inbound control points and expanding the area allowed to stay. The measure can facilitate Hong Kong's tourism trade to develop more multi-destination products targeting foreign visitors, which can attract more overseas travellers to visit Hong Kong and the Mainland via Hong Kong.

The Amendment Agreement will be implemented on June 1, 2020. Details and the latest information on CEPA can be found on the Trade and Industry Department website at www.tid.gov.hk/english/cepa/index.html.