



Hong Kong removed from list of SARS-affected areas

HONG KONG was removed on June 23 from the World Health Organisation's (WHO) list of areas with recent local transmission of Severe Acute Respiratory Syndrome (SARS).

In welcoming the WHO's announcement, the Chief Executive, Mr Tung Chee Hwa, said Hong Kong would not have achieved what it had without the concerted efforts of the whole community.

"But I particularly want to single out those frontline medical workers, without whose valiant efforts we would not be where we are today," he said.

The Executive Director of Communicable Disease at WHO, Dr David Heymann, said the removal of Hong Kong from the SARS list 'is a very significant achievement'.

"Hong Kong, with its dense population and fluid border with China, had one of the hardest outbreaks to control. This success means that the whole world can now feel safer from the



The Chief Executive, Mr Tung Chee Hwa, addressing at the Joint Business Community Conference entitled "Business after SARS"

SARS threat," he said.

In its formal statement, the WHO said: "From the day when the first cluster of cases was recognised, Hong Kong officials have provided open, honest, and abundant information about SARS to both the public and the media.

"Hong Kong also benefited from the contribution of its outstanding scientists,

epidemiologists, and clinicians, who were at the forefront of efforts to track down source cases in the various clusters, identify the causative agent, develop diagnostic tests, and work out treatment protocols.

"Faced with the largest outbreak outside mainland China, Hong Kong also pioneered many of the control measures used to successfully contain smaller outbreaks elsewhere. It is gratifying that these measures have now brought Hong Kong to the point of victory over the virus, although continued vigilance remains vital."

Mr Tung agreed that the people of Hong Kong had to be on high alert as the disease could return.

The Chief Executive said another very important task was to get the economy moving again.

The WHO had lifted its travel advisory against Hong Kong on May 23. ◇

Hong Kong to work flat out to boost economy after SARS

HONG KONG will be working 'flat out' over the next six to nine months to restore economic activity to pre-SARS levels and beyond now that the WHO has removed Hong Kong from its list of SARS-affected areas, the Financial Secretary, Mr Antony Leung, said in June.

Speaking at the launching ceremony of the Hong Kong Tourism Board's Global Revival Campaign, Mr Leung said, "I very much hope that this milestone today in our battle against SARS signals the beginning of a revival of fortunes for our tourism, business travel, and convention and exhibition industries in Hong Kong.

"Now that we have been taken off the list of SARS-affected areas, there is no doubt that our next major challenge is to boost our economy and restore



Mr Antony Leung and other guests performing a lighting ceremony to promote the "Hong Kong Welcomes You" message

business activity to pre-SARS levels, and beyond."

Mr Leung, who chairs the Economic Relaunch Strategy Group, said the removal of Hong Kong from the WHO list showed

that Hong Kong was a safe place to visit and had also entered the 'recovery phase' of its economic relaunch strategy.

"I can assure you that the government, in conjunction with the Hong Kong Tourism Board, the Hong Kong Trade Development Council, District Councils and the private sector will all be working flat out over the next six to nine months to make sure that the recovery firmly takes root and blossoms," he said.

A new dedicated website, 'Hong Kong Looking Ahead' has been launched to provide updates about Hong Kong's economic relaunch plans, as well as links to a range of sites containing information about doing business in and visiting Hong Kong. The website address — www.HKLookingAhead.gov.hk ◇



WHO chief commends HK's SARS fight

HONG KONG has made significant contributions to the global battle against SARS, WHO Executive Director of Communicable Diseases, Dr David Heymann, said during his visit to Hong Kong in June.

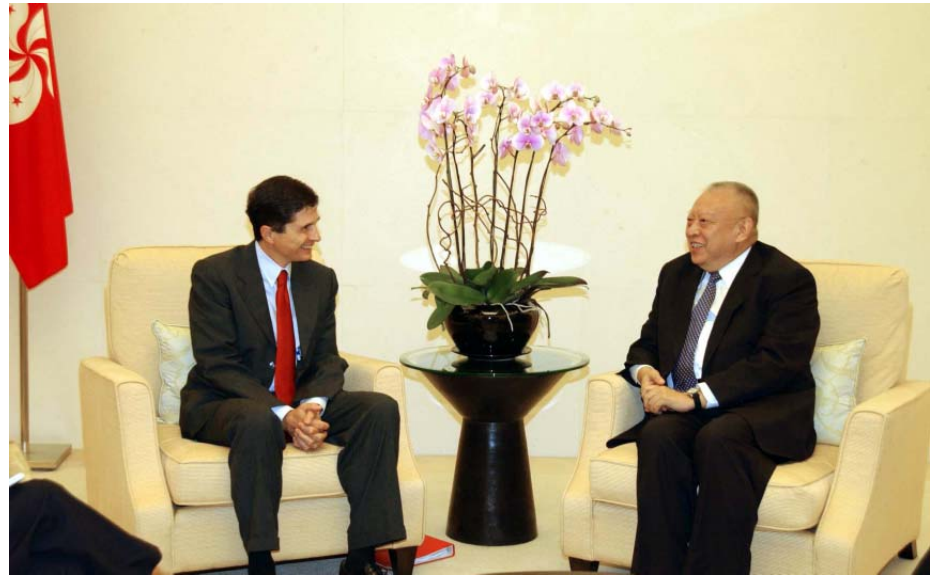
Speaking at a welcome reception hosted by the Secretary for Health, Welfare & Food, Dr Yeoh Eng-kiong, Dr Heymann said Hong Kong has been open and transparent over the SARS outbreak, despite its economic concerns.

"I would like to thank Hong Kong for the transparency with which it has given us the information that we need to immediately deal with the disease," he said.

Dr Heymann commended Hong Kong for providing updated information to the WHO and sharing with the world the science that made coronavirus first isolated and identified in Hong Kong, outbreak control and patient management.

As globalisation is a very important factor today for all infectious diseases, Dr Heymann looked forward to Hong Kong's contribution to the global effort over the coming months on continued case identification through surveillance.

He also looked forward to Hong Kong collaborating with the Mainland,



The Chief Executive, Mr Tung Chee Hua, meets the visiting Executive Director of Communicable Diseases of WHO, Dr David Heymann, to update him on the measures taken by the HKSAR Government to combat SARS.

particularly Guangdong province, to identify the virus' animal reservoir and risk factors for transmission to humans.

Welcoming Dr Heymann to Hong Kong, Dr Yeoh thanked the valuable advice and assistance provided by the WHO for bringing SARS under control globally and for its assistance to Hong Kong.

Dr Yeoh also thanked everyone in the community for their contributions to the virus fight.

Over 100 distinguished guests attended the reception, including consular officials, legislators, chambers of commerce and tertiary institution members. ◇

Hong Kong praised for its handling of SARS

THE first international SARS Clinical Management Workshop concluded successfully in Hong Kong in mid-June as about 160 clinicians and medical experts gained a valuable insight into combating the infectious disease.

The workshop was co-hosted by the WHO and the Health, Welfare and Food Bureau of the HKSAR Government.

Summing up the two-day workshop, the Secretary for Health, Welfare and Food, Dr Yeoh Eng-kiong, said Hong Kong had learned a lot about the coronavirus during the SARS outbreak and had shared its experience with the international community.

He said the workshop was also part of the review being carried out on the SARS outbreak.

"The experiences gained by exchanging clinical management information with our international counterparts will help Hong Kong set its direction in treatment modalities and, if SARS unfortunately appears in Hong Kong again, to be better prepared to react faster," he said.



The Secretary for Health, Welfare and Food, Dr Yeoh Eng-kiong (middle), speaking at a press conference to conclude the SARS Clinical Management Workshop.

The Hong Kong experience was praised by the WHO's Dr Mark Salter.

"The international community including Hong Kong has reacted in an exemplary fashion to speedily bring this disease under control across the planet," he said.

Dr Mike Ryan, also from the WHO, said he was extremely impressed by the way in which Hong Kong had managed

the epidemic.

"In fact, it is a model for the world. The leadership shown by Dr Yeoh and the teams in the public health sector has been exemplary," he said.

"The expertise of the doctors, the nurses, those in public health, and the public health measures that have been taken, we have been impressed by this since our arrival." ◇



Chief Secretary unveils strategy for cleaning up Hong Kong

THE Chief Secretary for Administration, Mr Donald Tsang, unveiled in May a comprehensive strategy to boost environmental hygiene and cleanliness in Hong Kong. Mr Tsang heads a special taskforce named Team Clean to establish and promote a sustainable, cross-sectoral approach to improve environmental hygiene in Hong Kong.

Short-term measures to be taken over the next three to six months will brighten up the city through a major cleanup of streets and roads, hawkers centres and markets, private and public housing estates and rear lanes and private roads.

A 'zero tolerance' and stricter enforcement action will be taken against spitting and littering offences, illegal cooked food hawkers, filthy rear lanes and private roads, unhygienic market stalls, unclean toilets and dirty pavements in front of shops.

A longer-term strategy aims to engender sustained community involvement in maintaining a clean and healthy environment, coupled with stricter enforcement action and new approaches



Mr Donald Tsang (left) meets with frontline staff of the Food Environmental Hygiene Department and expresses his appreciation to all those who are committed to implement Team Clean initiatives.

to long-standing public hygiene problems.

Mr Tsang said that any efforts to keep Hong Kong clean in the long term would depend on the individual resolve of everyone in Hong Kong.

"Team Clean does not and cannot work alone," he said.

"Members of the community are the true owners of all the initiatives we have

devised. Every member of the community is a member of Team Clean.

"We can only achieve our goals for a cleaner, more hygienic Hong Kong if we all play our part."

He said Team Clean's work plan had been structured in a hierarchy of personal hygiene, home hygiene, and community hygiene. ♦

Government launches HK\$11.8 billion economic relief package

A package of economic relief measures worth some HK\$11.8 billion was announced by the Chief Executive, Mr Tung Chee Hwa, to provide short-term relief for sectors hardest hit by the outbreak of SARS.

Mr Tung said the package was designed to reduce the impact of the disease on various sectors.

The 8-point package covers:

- A reduction in business operating costs through a concession on rates, water and sewage charges and effluent surcharges for one quarter.
- A one-year waiver of licensing fees for tourism-related businesses, caterers, retailers, taxis, school buses and tourist coaches.
- Rates, water and sewerage concessions for the general public for one quarter.
- A partial rebate of salaries tax for taxpayers.
- A HK\$3.5 billion loan guarantee scheme for the four hardest hit

economic sectors — retail, tourism, entertainment and catering. The government will act as guarantor for loans from authorised financial institutions to enable these businesses to pay their staff salaries and protect jobs.

- The creation of 21,500 training places and short-term jobs by the government to strengthen service training in the most affected areas.
- A HK\$1 billion publicity campaign to promote Hong Kong at home and overseas to encourage the resumption of normal trade activities when SARS is brought under control.
- The allocation of HK\$1.3 billion for medical research and enhancing public health as longer-term measures to control SARS.

A new HK\$200 million fund is earmarked for healthcare training and assistance to medical workers who have been affected by the disease.

Mr Tung also announced that in the next six months, the government would not propose any adjustment to government fees and charges.

"I would like to emphasise that the entire package of measures is a very well and thoroughly considered one. The measures seek to relieve the short-term impact of atypical pneumonia on our economy," he said.

"They have also taken into account the medium-term need to make sure our budget is in balance and the possible impact of the package on the financial market."

Mr Tung said he was confident Hong Kong would meet its fiscal targets for 2006-07, despite the nearly HK\$12 billion package announced. At the same time, the budget, the peg to the US dollar, and Mandatory Provident Fund contributions would also not be affected by the "one-off measure to tackle a one-off problem". ♦



Foreign investments swell despite SARS outbreak

THE continued influx of foreign direct investment has re-affirmed Hong Kong's position as a major business hub in the region.

This has demonstrated the city's sound economic fundamentals despite the SARS outbreak, the Chief Executive, Mr Tung Chee Hwa, said at a reception in June for new foreign and Mainland companies that have set up operations or increased their overall investment in Hong Kong.

Investors' move is also a great vote of confidence in Hong Kong, he added.

Mr Tung said that in the past 12 months some 135 external investors had moved to Hong Kong, with 70 of them in the past five months despite the SARS outbreak.

Also speaking at the reception, the Director-General of Investment Promotion at Invest Hong Kong, Mr Mike Rowse, said the fact that so many businesses were represented at the function confirmed their confidence in Hong Kong's future as the premier business centre at the heart of Asia.

He highlighted the particularly strong interest demonstrated in the retail sector, a key indicator of confidence in consumer demand.

"Since last year, over 20 foreign retailers entered the Hong Kong market, opened additional shops or upgraded their presence by setting up large-scale flagship stores," Mr Rowse said.

"The investment made by these retailers proves the



Mr Tung Chee Hwa addressing the guests at the reception.

attractiveness of Hong Kong's retail market, contrary to the speculation that the retail sector has peaked and is experiencing a decline." ◇

Postcard messages for international outreach campaign

THE Chief Executive, Mr Tung Chee Hwa, urged all members of the community to help spread the news that Hong Kong is safe to visit, by sending special "Hello from Hong Kong" postcards and e-cards to their relatives and contacts around the world.

The postcard campaign is the latest of the many initiatives taken to enhance international awareness of the fact that both the WHO and the US Centres for Disease Control and Prevention have lifted their travel advisories on Hong Kong.

In spreading the message that SARS has been contained, the government is undertaking a number of international outreach efforts as part of the Economic Relaunch programme. Advertisements have been placed in major newspapers throughout Asia, Europe, Australia and, most recently, the US to highlight the removal of the travel advisories.

At the launch of the "Hello from Hong Kong" postcard initiative in June, Mr Tung said he was pleased that representatives of all sectors of the community had joined the government in the campaign.

"All this support once again demonstrates the community's solidarity in fighting SARS," he said.



Mr Tung Chee Hwa signing a giant "Hello from Hong Kong" postcard to send out the message that travelling to Hong Kong is safe.

The postcards feature the Hong Kong skyline, faces of Hong Kong people and the campaign theme. The back of the card carries the message that the travel advisories have been lifted and Hong Kong remains vigilant in its efforts to keep

the community safe.

The e-cards carrying the "Hello from Hong Kong" theme with different images are now available on the "Hong Kong Looking Ahead" website at www.HKLookingAhead.gov.hk ◇



Hong Kong to host Forbes Global CEO Conference

HONG KONG has been selected as the host city of the Forbes Global CEO Conference, a large-scale international business conference for leading decision makers within the global business community.

The event is scheduled for Spring 2004. It is the second time that this high-profile conference will come to the HKSAR.

The President, CEO and Editor-in-Chief of Forbes, Mr Steve Forbes, and the Director-General of Investment Promotion at Invest Hong Kong, Mr Mike Rowse, held a signing ceremony in June to announce Hong Kong as the city of choice for this international event.

Invest Hong Kong will be the host sponsor of the Conference.

Mr Forbes was pleased that Hong Kong will be the site city of next year's Global CEO Conference.

Mr Forbes said, "We are honoured and delighted that Hong Kong will be host city of next year's Forbes Global CEO Conference. The fact that this will be the third year in a row that we are hosting this event in China - Hong Kong last year, Shanghai this year and Hong Kong next year — is testimony to the growing importance of the China market to the global economy. Hong Kong, the gateway to China and the



Mr Mike Rowse (second from left) signs a contract with the President, CEO and Editor-in-Chief of Forbes, Mr Steve Forbes (second from right), on holding the 2004 Forbes Global CEO Conference in Spring 2004 in Hong Kong. Financial Secretary Mr Antony Leung (middle) presides over the ceremony.

region, and a model to other economies for its low income tax rate regime, is an ideal location to bring together business leaders from around the world."

Mr Rowse said, "The Forbes Global CEO Conference is one of the most prestigious and recognised events of its kind. As part of the government's Economic Relaunch initiative, it provides the ideal opportunity to further raise Hong Kong's international profile, promote awareness of our city as an

investment destination and attract international business."

He stressed that Hong Kong's excellent infrastructure, high-class venues and cosmopolitan way of life make it an excellent destination for international events like these.

The Forbes Global CEO Conference 2004 will attract regional and global Chief Executive Officers and Presidents, as well as other senior executives from Asia, Europe and the United States. ◇

Hong Kong welcomes establishment of Asian Bond Fund

THE HKSAR Government and the Hong Kong Monetary Authority (HKMA) welcomed the launch of the Asian Bond Fund (ABF) by the EMEAP Group (the Executives' Meeting of East Asia-Pacific Central Banks).

The ABF will have an initial size of about US\$1 billion, and will be invested in a basket of US dollar denominated bonds issued by major Asian economies.

All 11 members of the EMEAP Group, which includes the HKMA, will invest in the Fund at its launch.

"The ABF represents a joint effort of regional central banks to promote the development of bond markets in the region, which will help promote the channelling of official reserves of

Asian economies back to the region," the Financial Secretary, Mr Antony Leung, said.

"I am pleased that the Exchange Fund will join the other EMEAP central banks in investing in the Fund, which should contribute to diversification and yield enhancement for the Exchange Fund's bond portfolios," he said.

The Chief Executive of the HKMA, Mr Joseph Yam, said the Asian Bond Fund was a concrete example of co-operation among EMEAP central banks to develop the Asian bond market.

"I would like to thank the EMEAP Working Group on Financial Markets for its innovation and hard work in bringing the ABF concept into fruition. The HKMA is honoured to have played an

active role in this process and will continue to support and contribute to future efforts in developing the regional bond market," he said.

Mr Yam said the Working Group would now study the possibility of extending the ABF concept to include bonds denominated in regional currencies.

The Executives' Meeting of East Asia-Pacific Central Banks is a co-operative organisation comprising central banks and monetary authorities of 11 economies: Australia, China, Hong Kong SAR, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. ◇



Talks on Hong Kong Budget



FOLLOWING the delivery of the Budget Speech 2003-04 by the Financial Secretary in Hong Kong on 5 March, the Director of Hong Kong Economic and Trade Office (HKETO) in Singapore, Mr Rex Chang, had given a series of luncheon talks on the Budget in Singapore, Malaysia (Kuala Lumpur), Thailand (Bangkok) and Vietnam (Ho Chi Minh City). At these luncheons, Mr Chang highlighted to guests that the 2003-04 Budget set a target of achieving fiscal balance in 2006-07 through revitalizing the economy, reducing public expenditure and raising revenue. Mr Chang stressed that the Government would uphold the principle of "big market, small government" in its budget philosophy; build Hong Kong into a regional metropolis; develop human resources and infrastructure; enhance the core industries of financial services, logistics, tourism, producer and professional services; and increase employment. ◇

Briefings on SARS



IN May, HKETO in Singapore and Hong Kong Tourism Board had conducted a series of briefings on the latest SARS situation in Hong Kong for representatives in the business community, tourism trade and media in Singapore, Malaysia and Thailand. Guests attended the briefings were informed of the various effective measures that the Government had taken to bring the SARS under control. The Director of HKETO, Mr Rex Chang, also told the audience the Government had allocated HK\$1 billion to revive the economy and there would be large-scale promotional activities in overseas markets to lure business and leisure travellers back to Hong Kong. ◇

Brand Hong Kong Photo Exhibition



HKETO in Singapore organized a Brand Hong Kong Photo Exhibition at Siam Discovery Centre in Bangkok, Thailand, between 14 and 16 March. Panels with photos about Hong Kong and description of the Hong Kong Brand – the stylish dragon were displayed at the exhibition and give-away items bearing the brand were distributed to visitors. Hong Kong Tourism Board and Cathay Pacific Airways also set up counters to promote tourism and travel to Hong Kong. ◇

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CEPA : The Facts

HONG
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Mainland and Hong Kong signs Closer Economic Partnership Arrangement

PREMIER Wen Jiabao and the Chief Executive, Mr Tung Chee Hwa, presided over the signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) held in Hong Kong on June 29.

The Vice Minister of the Ministry of Commerce, Mr An Min, representing the Central People's Government; and the Financial Secretary, Mr Antony Leung, representing the Hong Kong Special Administrative Region Government, signed the CEPA.

The signing of the Arrangement marked the conclusion of the main parts of the consultations which were launched in January 2002 in Beijing.

Speaking at a press conference held after the signing ceremony, Mr Antony Leung said he was pleased with the signing of CEPA which offered new opportunities for Hong Kong's manufacturing and services sectors.

"The conclusion of the Arrangement would greatly enhance economic cooperation and integration between the Mainland and Hong Kong. It would also open preferential and World Trade Organisation plus access opportunities for Hong Kong products and services in the Mainland.

"Trade and investment between the two places would also be facilitated as a result of the cooperative measures agreed under CEPA," the Financial Secretary said.

The CEPA covers three broad areas, namely trade in goods, trade in services and trade and investment facilitation.

On trade in goods, the Mainland has agreed to apply zero import tariff from January 1, 2004 for exports from Hong Kong meeting the CEPA rules of origin requirement in some 270 Mainland product codes.

The Mainland has also agreed to apply zero import tariff latest by January 1, 2006 upon applications by local manufacturers for other codes maintained on China's tariff system and meeting the CEPA rules of origin.

On trade in services, a number of sectors will benefit in terms of additional market access or removal of specific restrictions in



Financial Secretary, Mr Antony Leung (left), and Vice Minister of the Ministry of Commerce, Mr An Min, signing the Mainland and Hong Kong Closer Economic Partnership Arrangement.

the Mainland market. They include management consultant services, exhibitions and conventions, advertising, legal services, accounting services, medical and dental services, real estate and construction services, transport services, distribution, logistics, forwarding services, storage services, tourism, audiovisual, banking, securities and insurance.

On the part of Hong Kong, it will undertake to continue to apply zero tariff for Mainland products and not to introduce new or additional discriminatory measures against services and service suppliers of the Mainland.

With regard to trade and investment facilitation, both sides agree on promoting co-operation in seven areas, namely, customs clearance; quarantine and inspection of commodities; quality assurance and food safety; small and medium-sized enterprises; Chinese medicine and medical products; electronic commerce; trade and investment promotion; and transparency in law and regulations.

The Financial Secretary and Vice Minister An Min were both satisfied with the outcome of CEPA which was comprehensive and mutually beneficial, and had fulfilled what they had set out to achieve when the consultations started last year.

Both sides noted that the CEPA would be a continuous process and that further liberalisation proposals would be discussed at the standing consultation mechanism to be established under CEPA.



What is CEPA?

Background

- The Government of the Hong Kong Special Administrative Region (HKSAR) and the Central People's Government (CPG) reached agreement on the main parts of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) on 29 June 2003, and signed the CEPA on the same day.
- In December 2001, the Chief Executive of HKSAR Government obtained the CPG's agreement in principle to his proposal of establishing a form of free trade area between the Mainland and the HKSAR. Consultations began in January 2002. The two sides held a number of high level and senior official meetings between January 2002 and June 2003.
- The HKSAR Government conducted a consultation exercise in February and March 2002 to seek public views. It also conducted discreet consultations with various practitioners and professional bodies in the manufacturing and services sectors, and took into account the views expressed in the discussions with the Mainland.

Summary of CEPA

The CEPA covers three broad areas, namely trade in goods, trade in services, and trade and investment facilitation.

Trade in Goods

(A) Import Tariffs

- The Mainland agrees to apply zero import tariff from 1 January 2004 for exports from Hong Kong meeting the rules of origin requirement in some 270 Mainland product codes, which covers some electrical and electronics products, plastic articles, paper articles, textile and clothing, chemical products, pharmaceutical products, clocks and watches, jewellery, cosmetics, metal products etc.
- The Mainland also agrees to apply zero import tariff latest by 1 January 2006 upon applications by local manufacturers for other product codes maintained on China's tariff system and meeting the CEPA rules of origin. The HKSAR agrees to bind its existing zero import tariff regime with respect to all goods of Mainland origin and not to impose restrictive regulations on trade in these goods.

(B) Rules of Origin

The two sides agree to discuss the origin rules applicable to those product codes covered in the initial phase, with a view to reaching an agreement before end 2003 so that these products can enjoy zero tariff from 1 January 2004. For the remaining products, we aim to agree on their origin rules early, having regard to the submission of applications by local manufacturers. The two sides also agree to discuss cooperation to prevent illegal circumvention of the agreed origin rules.

(C) Other Trade Measures

The two sides agree not to take anti-dumping, countervailing and certain specific safeguard measures against goods of Mainland or Hong Kong origin. At the same time, the Mainland agrees not to apply tariff rate quotas against goods of Hong Kong origin.

Trade in Services

The CEPA provides for liberalisation in market access in 17 sectors, namely — management consulting services; convention services; advertising services; accounting services; construction and real estate services; medical and dental services; distribution services; logistics services; freight forwarding agency services; storage and warehousing services; transport services; tourism services; audiovisual services; legal services; banking services;

securities services; and insurance services.

Broadly speaking, the liberalisation permits earlier access to Hong Kong companies and services providers to the Mainland market, ahead of China's WTO timetable. In some sectors like construction and real estate services, logistics services, transport services, distribution services, legal services, and audio-visual services, the concessions extend beyond China's WTO commitments. Unless positively exceeded by the concessions stipulated in the CEPA, China's WTO commitments, including both concessions and limitations, for each individual services sector continue to apply.

Similar to trade in goods, the HKSAR agrees to bind our existing services regime for, and undertake not to introduce new discriminatory measures against, services and services suppliers of the Mainland for those sectors covered in the CEPA. This, again, is more than what we have committed to the WTO, but is in line with our free trade and open market policy.

Definition of "Hong Kong companies"

To be eligible for enjoying the benefits offered by the Mainland under the CEPA, a company must have "substantive business operations" in the HKSAR as assessed on the basis of the following criteria:

- the company must be incorporated under the laws of the HKSAR;
- the company must pay profits tax in the HKSAR (or be exempted by law from paying such tax);
- the length of the company's substantive business operations in the HKSAR;
- the size and nature of business activity of the company's office in the HKSAR; and
- the proportion of the company's staff force employed in the HKSAR.

The two sides agree to adopt a "sectoral" approach to take into account the unique characteristics of each individual service sector.

Trade and Investment Facilitation

Both sides agree on promoting co-operation in the following seven areas: customs clearance; quarantine and inspection of commodities, quality assurance and food safety; small and medium-sized enterprises; Chinese medicine and medical products; electronic commerce; trade and investment promotion; and transparency in law and regulations.

Further Liberalisation

The two sides agree to pursue further liberalisation of services trade between the Mainland and Hong Kong through consultation under the CEPA.

Economic Benefits of CEPA

In terms of economic benefits, the CEPA has good potential to open up many new business opportunities in the Mainland for Hong Kong. The zero import tariff preference may attract to Hong Kong manufacturing of brand name products, or manufacturing process with high value-added content or substantial intellectual property input. The WTO-plus market liberalisation measures for trade in services would give companies in Hong Kong a "first mover" advantage.

Way Forward

The two sides will continue discussions with a view to finalising and announcing the details of implementation (such as the preferential rules of origin for goods) as soon as possible. The HKSAR Government will continue to consult relevant trade and advisory bodies to prepare for the next phase of CEPA discussions with the Mainland. ◇