

Chinese mainland, Hong Kong sign expanded economic accord



Mr Jiang Zengwei (R, front), vice minister of the Ministry of Commerce of the People's Republic of China, shakes hands with John Tsang Chun-wah, financial secretary of the Hong Kong Special Administrative Region of the People's Republic of China after they signed the Supplement V to the Mainland and Hong Kong Closer Economic Partnership Arrangement Signing Ceremony in Hong Kong, south China, on July 29, 2008. (Xinhua/Lui Siu Wai)
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HONG KONG, July 29 (Xinhua) -- The Chinese central government and the government of the Hong Kong Special Administrative Region (HKSAR) on Tuesday signed Supplement V to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), which will allow Hong Kong enterprises greater and easier access to the mainland market.

The supplement was a fifth supplement to CEPA, which has been expanded each year since it was first signed in 2003. The supplement was signed by John Tsang, financial secretary of the HKSAR government, and the central government's Vice Minister of Commerce Jiang Zengwei at a ceremony witnessed by HKSAR Chief Executive Donald Tsang.

Donald Tsang said the new economic accord, which comes into force on Jan. 1, 2009, will introduce 29 measures that will build on the liberalization of 15 services sectors and open two more mining-related services sectors to Hong Kong businesses.

The total number of services sectors covered by the CEPA and its supplements will thereby be expanded from 38 to 40, Jiang said. Under the agreements, the mainland has agreed to exempt tariffs for all products of Hong Kong origin and allow preferential treatment to Hong Kong service suppliers in the service sectors.



-- Mr Jiang Zengwei, vice minister of the Ministry of Commerce of the People's Republic of China, addresses at the Supplement V to the Mainland and Hong Kong Closer Economic Partnership Arrangement Signing Ceremony in Hong Kong, south China, on July 29, 2008. (Xinhua Photo) [Photo Gallery>>>](#)

Donald Tsang welcomed the new agreement, adding that Hong Kong and the neighboring mainland province of Guangdong have agreed to carry out a package of pilot measures.

"The current CEPA package and the Guangdong pilot measures will offer new business opportunities in the mainland for Hong Kong businesses and service suppliers, making Hong Kong even more attractive to overseas investors," he said.

Under the expanded agreement, enterprises set up by Hong Kong suppliers of convention and exhibition services in Beijing, Tianjin, Chongqing and Zhejiang will be allowed to organize overseas exhibitions on a pilot basis.

Mainland-incorporated banking institutions established by a Hong Kong bank will be allowed to locate its data center in Hong Kong, subject to certain requirements.

In the construction industry, restriction on the proportion of the capital contributed by the mainland partners in joint ventures in the mainland will be removed.



Mr Donald Tsang Yam-kuen, chief executive of the Hong Kong Special Administrative Region, addresses at the Supplement V to the Mainland and Hong Kong Closer Economic Partnership Arrangement Signing Ceremony in Hong Kong, south China, on July 29, 2008. (Xinhua Photo)

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Hong Kong service suppliers will also be allowed to establish wholly-owned private non-enterprises to operate welfare agencies for the disabled in Guangdong.

The validity of temporary license for Hong Kong accounting firms to conduct auditing business will be extended from two years to five years, and an examination center in Hong Kong for mainland accounting qualification tests will be allowed in Hong Kong.

Among other measures, Hong Kong permanent residents with Chinese citizenship will also be allowed to sit mainland tourist guide qualification exams.

The central government and the HKSAR government also signed agreements on cooperation in trademark protection as well as in the field of accounting.

The two sides also agreed to launch 25 pilot measures specially for facilitating economic cooperation between Hong Kong and the neighboring mainland province of Guangdong. Some of the measures were included in the Supplement to the CEPA.

In tourism, short-term visits to Hong Kong will be easier for the residents of the whole Guangdong province, and mainland-authorized Hong Kong travel agencies will be allowed to organize group tours to Hong Kong Disneyland for non-Guangdong residents who have lived in Shenzhen and worked with local firms for over a year.

Hong Kong medical and dental service suppliers will be allowed to set up wholly-owned outpatient clinics in the neighboring mainland province of Guangdong.

Approval authority for certain activities, including setting up schools for children of Hong Kong residents, was also delegated to the Guangdong provincial government.

The CEPA agreements injected momentum into the Hong Kong economy over the past years by facilitating human, goods and capital flow between Hong Kong and the mainland. From the CEPA in 2003 to its Supplement IV last year, 192 liberalization measures had been implemented

to cover 38 sectors such as legal, accounting, construction and medical.

Two thirds of the measures allow Hong Kong businesses national treatment.

The CEPA agreements had "created 36,000 new jobs in Hong Kong, and 16,000 in the mainland," in addition to increased investments in both, Donald Tsang said.

Hong Kong has been the leading trade partner for Guangdong province and bilateral trade exceeded 130 billion U.S. dollars in 2007. The pilot measures for Guangdong and Hong Kong will no doubt speed up economic integration in the region, he added.

The chief executive encouraged Hong Kong business community to make the best of the opportunity and plan for exploring the mainland market, especially the Guangdong part.

Jiang Zengwei said the CEPA agreements could help strengthen the role of Hong Kong as an international financial, trade and aviation hub.

"It is in line with Hong Kong's need for developing modern services industries, and will benefit the Hong Kong economy," he said at the signing ceremony.