



New Amendments of the Agreement on Trade in Services in CEPA

10 Jan 2020

INTRODUCTION

A new agreement was signed on 21 November 2019 between the Hong Kong Special Administrative Region Government and the Ministry of Commerce under the framework of Closer Economic Partnership Arrangement (CEPA) to further open up the services sector, thereby giving Hong Kong enterprises and professional sectors more preferential treatment to tap into business opportunities in the Mainland market. It will be implemented on 1 June 2020.

The legal text of the Amendment Agreement is available at Trade and Industry Department (TID)'s website at:

http://www.tid.gov.hk/english/cepa/legaltext/cepa_legaltext.html

DETAILS

Testing and Certification Services

- (a) To expand the scope of testing of products under the China Compulsory Certification (CCC) System to allow testing organisations in Hong Kong to provide quality testing service on products imported from other places for the huge Mainland consumer goods market.
- (b) To expand the geographical scope of CCC factory inspection that can be undertaken by qualified certification bodies in Hong Kong in cooperation with designated Mainland organisations to the CCC product manufacturers in the whole Mainland; and to add new task that can be undertaken by qualified certification bodies in Hong Kong, i.e. the selection of post-certification test samples at factories manufacturing CCC products in the whole Mainland. The measures will expand the

service scope of certification bodies in Hong Kong and bring more business opportunities to the trade.

Television Services

- (c) To remove the 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. Restrictions such as those on the quantity and time of the broadcast of imported dramas and animation television programmes produced by Hong Kong will also be relaxed. The measures will facilitate the entry of Hong Kong-produced television dramas and animation television programmes into the Mainland market.
- (d) To relax restrictions such as those on the percentage of principal creative personnel, Mainland-related content and investment proportion of television dramas co-produced by the Mainland and Hong Kong, and to shorten the time required for approval of synopses for any proposal of television dramas to be co-produced by the Mainland and Hong Kong. The measures will help increase the flexibility in co-production of television dramas, promoting cooperation between the television industries of the two places.

Film Services

- (e) 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 restriction on the number of Hong Kong people participating in Mainland film productions will also be removed. The measures will help enhance the flexibility of producing co-productions, and promote the cooperation between film industries in the two places.
- (f) To waive the fees for establishing the Mainland and Hong Kong co-production motion pictures projects. The measure will help reduce relevant production costs, encourage Hong Kong film industry to proactively participate in the production and promotion of co-productions, and further the development of film industries in the two places.

Printing Services

- (g) To raise the ceiling of shareholding proportion of Hong Kong service suppliers in an equity joint venture enterprise in the Mainland engaging in the printing of publications and other printed matters except packaging materials¹ to 70%. The measure will be applicable to the whole Mainland and Hong Kong investors, as controlling shareholders, can achieve the targets set for business management and development more effectively.

Tourism Services

- (h) To optimise the “144-hour visa-exemption transit” policy 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 will 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. This can further support Hong Kong’s development into an international tourism hub and a multi-destination tourism platform, benefiting the tourism sectors of Hong Kong and the Greater Bay Area.

Financial Services

- (i) To support Mainland insurance companies issuing catastrophe bonds in the Hong Kong market and relax relevant requirements. The measure will be applicable to the whole Mainland, and can promote the development of the insurance and bond markets in Hong Kong.

Legal Services

- (j) To remove the restriction on the minimum capital input ratio² of the Hong Kong law firms for partnership associations set up by Hong Kong and Mainland law firms. The measure will be applicable to the whole Mainland and beneficial to small and medium-sized law firms to enter the Mainland legal services market by way of partnership associations.

¹ Hong Kong service suppliers have already been allowed to set up wholly-owned enterprises to provide printing services for packaging materials.

² Currently 30%.

- (k) To allow Hong Kong legal practitioners³ to be employed as legal consultants by not more than 3 Mainland law firms in the whole Mainland simultaneously, and to replace the relevant approval requirements with filing procedures. Annual registration will not be required. Hong Kong legal practitioners will be allowed to obtain practice qualification in the Greater Bay Area by passing the special examination and to engage in matters on specific areas of Mainland law. The measures will enhance the opportunities for Hong Kong legal professionals to participate in the Mainland market, and simplify the relevant requirements.

Construction and Related Engineering Services

- (l) The locations in the Mainland where Hong Kong professionals of the construction and related engineering services sectors who have obtained Mainland's related qualifications either through mutual recognition or examination are allowed to register and practise, will be extended to the whole Mainland, providing Hong Kong professionals with more room for development.
- (m) To allow professionals who have obtained the qualification of General Practice Surveyors in Hong Kong to directly register for practice in Qianhai of Shenzhen, Hengqin of Zhuhai and Nansha of Guangzhou and enable them to provide property valuation services.

CONCLUSION

The Amendment Agreement creates more favourable conditions and opens up more channels for Hong Kong service suppliers to thrive in the Mainland market against the uncertain prospects of the global economy and rising trade protectionism. The Amendment Agreement lowers the market access thresholds, helping sustain the first-mover advantage of trade in establishing foothold in the Mainland market. It also ensures that Hong Kong service suppliers and their services will continue to enjoy the most preferential treatment and most favourable conditions for development in the Mainland, thus enabling them to reach broader and deeper into the Mainland market at a

³ Means Hong Kong barristers and solicitors.

lower cost for participation in the development of the Mainland, and to contribute to the development of the Greater Bay Area.

ENQUIRIES

For enquiries on issues related to CEPA, please contact the relevant sections in the TID with details listed below:

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