

20th anniversary of signing of CEPA marks new milestone

This year marks the 20th anniversary of the signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). To celebrate this important milestone, the Hong Kong Special Administrative Region (HKSAR) Government will launch a series of celebration activities in the second half of this year with a view to looking back jointly with different quarters of the community on the development and achievements of CEPA over the past two decades, and looking forward to more promising opportunities to be brought by CEPA.

Twenty years ago today (June 29, 2003), with the support from the country, the Mainland and Hong Kong signed CEPA. As the most liberal free trade agreement of the Mainland, CEPA fully demonstrates the country's continuous and staunch support for Hong Kong. CEPA has created unprecedented business opportunities for various industries and sectors, swiftly revitalising Hong Kong's economy, society and livelihood from the trough of the epidemic at that time, and played a significant role in the country's reform and opening up.

Over the past two decades, CEPA has facilitated the two-way flow of people, goods and capital between the Mainland and Hong Kong, bringing huge benefits to trade and economic development of both places, and fully embodying the close relationship of strength complementarity and win-win collaboration between the two places. Through CEPA, Hong Kong has been a testing ground for the opening up of the country. CEPA has not only embodied the successful implementation of the "one country, two systems" principle in Hong Kong, but also reinforced Hong Kong's unique status and advantages of enjoying strong support of the country and being closely connected to the world.

A spokesperson of the Commerce and Economic Development Bureau said, "CEPA is a free trade agreement that keeps developing with the times. Adopting a building block approach, the Mainland and Hong Kong have continuously enriched the content of CEPA over the years. CEPA has now been upgraded to a comprehensive and modern free trade agreement, covering four major areas, namely Trade in Services, Trade in Goods, Investment, and Economic and Technical Co-operation."

The spokesperson pointed out that Hong Kong plays a key two-way role in promoting the development of the Mainland through CEPA. It not only promotes the entry of professional services and quality products into the Mainland market, channelling quality capital, professional talent, international business networks and professional expertise into the Mainland, but also enables Mainland enterprises to go global with a platform for them to raise funds, go public and enter the international market, thereby meeting the needs of the Mainland at different stages of development.

On trade in services, the Mainland and Hong Kong have basically achieved liberalisation of trade in services. The Mainland fully or partially opens up 153 service sectors to Hong Kong's service industry, accounting for 96 per cent of all the 160 service sectors. Liberalisation measures have been introduced through CEPA in many leading sectors of Hong Kong such as financial services, legal services, construction and related engineering services, testing and certification, television, motion pictures and tourism services, including those for pilot implementation in the nine municipalities of the Guangdong-Hong Kong-Macao Greater Bay Area, allowing Hong Kong enterprises and professionals to set up companies and develop businesses on the Mainland through the preferential arrangements. For trade in goods, all Hong Kong products meeting the CEPA rules of origin can enjoy zero-tariff preference upon importation into the Mainland, which has achieved cumulative tariff savings of over RMB9.4 billion for Hong Kong enterprises.

Also, CEPA introduces measures for investment protection and facilitation, such as restriction on expropriation of investment, compensation for losses, transfer abroad of investments and return, and simplification of formalities and requirements for investments, which help boost investors' confidence, increase investment flow and further promote investment liberalisation and facilitation between the two places. CEPA does not impose any restriction on the source of investments of CEPA beneficiaries, and welcomes external investors to establish their businesses in Hong Kong, or join forces with Hong Kong enterprises to make good use of the business opportunities brought by CEPA while enjoying the excellent support services in Hong Kong.

The spokesperson further said that, according to the information provided by the Census and Statistics Department (C&SD), the bilateral merchandise trade between Hong Kong and the Mainland in 2003 (before the implementation of CEPA) was HK\$1,528.2 billion. After the full implementation of CEPA, bilateral trade between the two places has been expanding continuously, with the total bilateral merchandise trade increased to HK\$4,648.4 billion in 2022, recording a remarkable growth by more than twofold, and an average growth of 6 per cent per annum. From the perspective of investment, the Mainland is the largest destination for Hong Kong's external direct investment.

CEPA has also reinforced Hong Kong's attractiveness to investors from outside Hong Kong. Many investors have developed business on the Mainland through setting up bases in Hong Kong. According to the "2022 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong" jointly released by Invest Hong Kong and the C&SD, from the signing of CEPA in 2003 to June 2022, the number of external investors with regional headquarters, offices or local operations in Hong Kong has risen from 5 414 to 8 978, representing a growth of 66 per cent over 19 years. The major statistical information of the 20 years of CEPA is in the Annex.

The spokesperson said, "Looking ahead, the HKSAR Government will continue to actively seek to enrich CEPA's content and assist the trade in making good use of its preferential measures, striving to foster prosperous development of the two places."

The spokesperson also expressed its gratitude to all quarters of the community for supporting CEPA over the years, and called on the trade and the public to support and participate in the upcoming celebration activities, including roving exhibitions at different locations such as large shopping malls and tertiary institutions, and a special TV programme and short promotional video jointly produced by the Trade and Industry Department and Radio Television Hong Kong.

CEPA will continue to promote economic integration and joint development of the two places, creating more complementary and win-win results in the future and further reinforcing Hong Kong's distinctive advantages.