

preserve employment and support enterprises during the crisis. Another crucial factor was the Mainland's role in helping to cushion an export collapse in Hong Kong with its strong domestic demand.

Leveraging on CEPA

The implementation of CEPA is made possible by the “One Country, Two Systems” principle and the Basic Law, which provides Hong Kong with separate membership in the World Trade Organization (WTO).

CEPA is a win-win agreement, bringing new business opportunities to the Mainland, Hong Kong and all foreign investors. CEPA provides great opportunity for Hong Kong businesses to gain access to the Mainland market. CEPA benefits Mainland enterprises by allowing Hong Kong to serve as a perfect “springboard” for them to reach out to the global market, accelerating the Mainland market's integration with the world economy. By using this opportunity to establish businesses in Hong Kong, foreign investors can also capitalise on the CEPA benefits and join with local businesses in tapping the vast opportunities of the Mainland market. In accordance with Article 3 of CEPA, both the Mainland and Hong Kong will broaden and enrich the content of the arrangement through continuous and further reciprocal liberalisation. As of January 2012, the two sides had signed eight Supplements to CEPA, providing a total of 32 services liberalisation and trade and investment facilitation measures, which include

The Hong Kong Government and the CPG 27 May 2011 reached agreement on further liberalising trade in services and enhancing co-operation in trade and investment facilitation under the CEPA. Photo shows the Financial Secretary, Mr John C Tsang, and the Vice-Minister of Commerce, Mr Jiang Zengwei, signing Supplement VII to CEPA. The Chief Executive, Mr Donald Tsang, and other guests witnessed the signing ceremony.





The Financial Secretary, Mr John C Tsang (left), and the Vice-Minister of Commerce, Mr Jiang Yaoping (right), sign Supplement VIII to CEPA on 13 December 2011. ©

23 liberalisation measures in 16 service sectors, and strengthening co-operation in finance, tourism, innovation and technology, etc.

During a visit to Hong Kong on 17 August 2011, Vice-Premier of the State Council, Mr Li Keqiang, stated clearly that the CPG expects that by the end of the National 12th Five-Year Plan period, i.e. 2015, full liberalisation of Hong Kong's trade in services in the Mainland would basically be achieved through further broadening the contents of CEPA, deepening the implementation of the agreed measures, and developing more areas of co-operation. With this objective in view, the two places will continue to enrich CEPA to create more development opportunities for Hong Kong enterprises in the Mainland. The continued development of CEPA will, at the same time, enhance the multi-faceted development of the two places and give momentum to the modernisation of the service industries in the Mainland, and better prepare the country to face the challenges and opportunities of globalisation.

Free trade and separate customs territory

Article 115 provides that “the HKSAR shall pursue the policy of free trade and safeguard the free movement of goods, intangible assets and capital”. This provision enables Hong Kong to maintain its free port status. This is essential to keeping the city as one of the world's leading trading hubs, and in line with the externally oriented and open nature of the Hong Kong economy.

Article 116 provides that “the HKSAR shall be a separate customs territory”. In other words, all export quotas, tariff preferences and other