

Hong Kong and China agree on free trade arrangement

On June 29, 2003, Hong Kong and China signed a long-awaited Closer Economic Partnership Arrangement (CEPA), which provides free trade in 273 tariff lines and enhanced access in 18 service sectors—well ahead of China's World Trade Organization (WTO) obligations.

Macao was well behind Hong Kong in negotiations with the Chinese, but is expected to get almost identical treatment, and possibly the same implementation date of January 1, 2004. As Hong Kong and Macao have long been free ports with no tariffs on any products except cigarettes, alcohol and fuels, they had little bargaining leverage. The fact that the agreement was so favourable and extensive is seen as a testament to the Chinese government's desire to ensure its economic integration with both Hong Kong and Macao.

The 273 tariff lines account for 90% of Hong Kong exports to China. The rules of origin, still under negotiation but expected to require 25 to 30% local content, may be released in the fall. Macao is still negotiating its list of products, which will likely represent the bulk of its exports to China. China has agreed to consider additional products for duty-free access, proposed by Hong Kong or Macao, by 2006.

The services provisions cover 18 sectors including: management consulting; exhibitions and conventions; advertising; legal; accounting; medical and dental; real estate and construction; transport; distribution; logistics; forwarding; storage; tourism; audio-visual; banking; securities; insurance; and telecommunications.

In most cases, China agreed to advance WTO commitments for Hong Kong companies, primarily by lowering controls or entry requirements for setting up operations on the mainland, and by easing requirements for professionals to practice on the mainland. In many sectors, however, the provisions go well beyond China's WTO commitments. Consultations will continue with a view to expanding the list of service sectors qualifying for special treatment.

What's in it for Canadian companies?

While CEPA benefits will mainly apply to established Hong Kong or Macao companies, there are niche opportunities for Canadian firms. On account of rules of origin, which will require a certain level of Hong Kong or Macao content, the agreement provides minimal benefit to Canadian exporters. There may, however, be an opportunity for a limited amount of processing in Hong Kong or Macao in order for the goods to qualify under CEPA.

For example, it may be practical to do enough product adaptation in Hong Kong or Macao to qualify for duty-free access. This may be of particular interest for producers of intellectual property-sensitive products, since both Hong Kong and Macao have very good intellectual property protection. There may also be opportu-

nities for processed food products using Canadian ingredients which cannot be exported directly to China.

Currently, Canadian services companies have reasonable access for selling to the Chinese market. While CEPA facilitates cross-border movement and allows for mutual recognition of certain professional qualifications, its main benefit is in lowering barriers for the establishment of companies or offices in China. Companies planning on the establishment of offices in China might find advantages in doing so from a Hong Kong or Macao base. It takes three years as a Hong Kong or Macao company to qualify for CEPA, but companies not yet established in either place can gain instant CEPA qualification by buying or partnering with an established company. Overall, Hong Kong and Macao offer a tremendous array of market opportunities for Canadian firms, and are probably the easiest markets in Asia to enter.

For more information, contact the Canadian Consulate General in Hong Kong, tel.: (011-852) 2847-7414, fax: (011-852) 2847-7441, e-mail: [hkonk-td@dfait-maeci.gc.ca](mailto:hkong-td@dfait-maeci.gc.ca), Web site: www.hongkong.gc.ca ✪

Who's Who in IT 2003 Partnering Forum

TORONTO — November 13, 2003 — The **Who's Who in IT 2003 Partnering Forum** is a cross-border event bringing U.S. and Canadian information technology companies together to create partnerships.

For more information about the forum, contact Caren Adno, ITAC Ontario, e-mail: cadno@itac.ca, Web site: www.itacontario.com ✪

Forum-Export 2003

A unique event for exporters and manufacturers

MONTREAL — November 12-13, 2003 — Quebec Manufacturers and Exporters and the Quebec Association of Trading Houses are organizing **Forum-Export 2003**, presented with the support of Team Canada Inc and Quebec's Ministère du Développement économique et régional.

Forum-Export will be an opportunity for manufacturers and exporters from every region and industry sector in Eastern Canada to network with manufacturers from American border states and Europe in order to develop effective export markets, and will showcase the innovative strategies used by successful exporters.

This event will be a place to meet, network and discuss local and international business opportunities. Visitors will include exporting companies, trading houses, manufacturer's agents, government services and industry associations—all hoping to find out

how they can increase export volume and profitability.

The exhibition hall will accommodate over 100 companies servicing exporters in areas such as finance, sales, distribution, marketing, transportation, software, legal services, human resources, outsourcing, technologies and innovation. Also present will be exhibitors from Quebec's various economic regions, some American states, Canadian provinces and overseas delegations seeking to establish ties with Canadian companies.

The conferences and workshops are designed to provide participants with information on best export practices through the first-hand experience of experts in the field.

For more information, contact Robert Yelle, tel.: (514) 288-3931, e-mail: yelle@martin-intl.com, Web site: www.forum-export.ca ✪

Quadrennial forestry event grows

AusTimber 2004 to host Canada pavilion

ALBURY, AUSTRALIA — March 29-April 3, 2004 — **AusTimber 2004** is one of Australasia's largest and most innovative forest industry events and the Canadian Consulate Trade Office in Auckland, in cooperation with Canadian Export Development Inc. (CEDI), invites Canadian exporters to participate in the Canada pavilion.

Australia's forest and wood products industries have an annual turnover of more than \$12 billion per year. This makes the forest sector Australia's

second-largest manufacturing industry. If your company is a supplier of forestry harvesting, saw milling, wood processing machinery, material handling systems, ancillary equipment or services and are interested in the Australia market, then consider exhibiting at this event.

Canada pavilion

Canadian companies will display their products and services under one umbrella as they pursue business opportunities in the forest industry in

Canada-Korea

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participate.

Among these events is a cluster of trade and investment promotion activities. There will be sectoral seminars, where representatives from Canadian firms will promote a broad range of Canadian products, technologies and know-how to Korean business professionals. Seminar topics include: Canadian



Information and Communications Technology in Korea; Canada-Korea Film Co-Production; Canada's Strengths in Corporate Education; S & T Policy; and Micro Brewing: Increased Profits for Restaurants and Bars.

For more information on this and other trade-related events in Korea, contact the Canadian Embassy in Seoul, tel.: (011-82-2) 3455-6000, e-mail: seoul@seoul.gc.ca, fax: (011-82-2) 755-0686, Web site: www.korea.gc.ca ✪

Australia. The Canadian Consulate Trade Office in Auckland will invite key decision-makers and buyers—both in government and the private sector—from both Australia and New Zealand to visit the Canadian pavilion.

Space is limited and will be reserved on a first-come, first-served basis.

For more information, contact Robert Grison, Director of Operations, CEDI, tel.: (613) 825-9916, fax: (613) 825-7108, e-mail: cced@sympatico.ca, Web site: www.austimber2004.com ✪