



# THE HONG KONG INSTITUTE OF SURVEYORS

5 October 2005

BY FAX AND POST  
# 2523 5327

Mr Y C Lo  
Permanent Secretary for the Environment, Transport and Works (Works)  
Environment, Transport and Works Bureau  
Murray Building  
Garden Road  
Hong Kong

Dear Mr Lo,

## **Comments on Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**

Further to the full implementation of CEPA I since 1 January 2004 and CEPA II since 1 January 2005, the Hong Kong Institute of Surveyors has organized a Discussion Forum on 31 August 2005 to seek members' views and comments on its impact and implementation. In this regard, we wish to put forward the following views and concerns for your consideration for the CEPA III:

### 1. Streamline Approval Procedures

Many of the service projects under CEPA require approval from the Provincial Government or the Central People's Government. The cumbersome process, complicated procedures, long processing time and the hefty application fee involved definitely have a negative impact on the efficiency of Hong Kong-invested enterprises on the Mainland. The Institute viewed that the approval procedures should be streamlined so that the administrative efficiency could be improved accordingly.

### 2. Rumor to Abolish Single Project Registration

The existing procedures that the Quantity Surveying (QS) firms in Hong Kong to work in Beijing is to register with and obtain a permit from the Beijing Construction Committee on a project-by-project basis. However, there are rumors that this practice might be terminated in the near future. In view of this, the QS firms are concerned about the application procedures for working in Mainland China as the latest regulations still have not yet been published by the Ministry of Construction.

### 3. Incomplete Coverage of Surveying Industry

Hong Kong Service Supplier (HKSS), who provides services in the form of juridical person, should apply for a Certificate of HKSS from the Trade and Industry Department (TID) before it can apply to the relevant authorities in Mainland China for providing services on the Mainland with preferential treatments under CEPA. However, we found that there has been an incomplete coverage in the surveying industry. Frankly speaking, we think it is essential to add QS attributes under the surveying category in TID.



4. Difficulties of recruiting Hong Kong Staff to Work on the Mainland

It is clear that anyone stays longer than 183 days on the Mainland has to pay salary tax under the taxation system on the Mainland, and it is a sad truth for Hong Kong employees that the salary tax rate on the Mainland is much higher than Hong Kong's. As such, it is difficult to encourage Hong Kong employees to work in the Mainland China.

5. Eligibility of Hong Kong Firms in Procuring a Local Firm

There are high requirements and standards for setting up a local firm in the Mainland China. Obviously, it becomes a barrier for Hong Kong firms to start up a business through CEPA. In view of this, we may suggest the government to consider allowing Hong Kong professional companies to procure local professional firms who have necessary license.

6. Put More Emphasis on Pan-Pearl River Delta (Pan-PRD) Area

The Pan-PRD cooperation is a regional development initiative not only having implications to mainland provinces, but to Hong Kong and foreign investors. It is clear that the function of Hong Kong as a trading platform will be further enhanced through closer integration with the Pan-PRD provinces. In this regard, we suggest the government could choose some of the Pan-PRD provinces, which are closer to Hong Kong, to conduct a pilot testing scheme. We believe that it would be easier for Hong Kong firms to enter into the Mainland market.

Thank you for your attention and please keep us informed of future developments.

Yours sincerely,

T T Cheung  
President (2004/2005)

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