

Courtesy Translation

Supplement to the Mainland and Macao Closer Economic Partnership Arrangement

To further enhance the economic and trade interflow, as well as the cooperation level between the Mainland¹ and the Macao Special Administrative Region (hereinafter referred to as “Macao”), and in accordance with the provisions of the Mainland and Macao Closer Economic Partnership Arrangement (hereinafter referred to as “CEPA”) and its annexes, signed on 17 October 2003, on the Mainland’s further liberalization to Macao of trade in goods and trade in services, the two sides decided to sign this Supplement.

I. Trade In Goods

- (1) From 1 January 2005, the Mainland shall apply zero tariff to the import of those goods of Macao origin listed in Annex 1 of this Supplement. Annex 1 of this Supplement forms a supplement to Table 1 “List of Macao Origin Products for Implementation of Zero Import Tariff by the Mainland” of Annex 1 of the CEPA.
- (2) Annex 2 of this Supplement laid down the rules of origin for those imported goods of Macao origin listed in Annex 1 of this Supplement which was drawn up in pursuance of Annex 2 “Rules of Origin for Trade in Goods” of the CEPA. Annex 2 of this Supplement forms a supplement to Table 1 “Schedule on Rules of Origin for Macao Goods Benefiting from Tariff Preference for Trade in Goods” of Annex 2 of the CEPA.

II. Trade In Services

- (1) From 1 January 2005, the Mainland shall, on the basis of Annex 4 “Specific Commitments on Liberalization of Trade in Services” of the CEPA, further relax the market access requirements to services and service suppliers of Macao in service areas of legal, accounting, medical and dental, audiovisual, construction and related engineering, distribution, banking, securities, transport, and freight forwarding agency; and expand the geographical and business scopes where and in which Macao permanent residents with Chinese citizenship can set up individually owned stores. Details are set out in Annex 3 of this Supplement.
- (2) From 1 January 2005, the Mainland shall liberalize and relax market access requirements to services and service suppliers of Macao in service areas of patent agency, trademark agency, airport services, cultural entertainment, information technology, job referral agency, job intermediary, as well as professionals and technicians qualification examinations. Details are set out in Annex 3 of this Supplement.
- (3) Commitments in the area of construction and related engineering, and part of the commitments in the area of distribution as stated in Annex 3 of this Supplement shall be implemented from 1 November 2004. Details are set out in the specific commitments for

¹ In the CEPA, the “Mainland” refers to the entire customs territory of the People’s Republic of China.

construction and related engineering services and distribution services in Annex 3 of this Supplement. The specific commitment in Annex 3 of this Supplement that allows Mainland branches of Macao banks to conduct insurance agents business shall be implemented from 1 November 2004.

- (4) Annex 3 of this Supplement forms a supplement and amendment to Table 1 “The Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of Annex 4 of the CEPA. In case of conflict between the provisions, those of Annex 3 of this supplement shall prevail.
- (5) “Service supplier” as referred to in Annex 3 of this Supplement shall conform to the requirements set out in Annex 5 ‘Definition of “Service Supplier” and Related Requirements’ of the CEPA.

III. Supplement and Amendment to Annexes of the CEPA

- (1) Paragraph 3.2 of Article 5 of Annex 1 “Arrangements for Implementation of Zero Tariff for Trade in Goods” of the CEPA was amended as follows: For goods proposed to be produced, the Mainland shall, in accordance with the consensus reached between the two sides, add the list of goods to Table 1 of Annex 1 of the CEPA and the corresponding rules of origin to Table 1 of Annex 2 of the CEPA. After the applicant enterprise has put the proposed goods into production, the Macao Economic Services will conduct verification and thereafter inform the Ministry of Commerce. Upon confirmation by the two sides, the Mainland will, based on the certificate of origin issued by the Macao Economic Services, release the relevant imports on zero tariff basis in line with the CEPA.
- (2) Paragraph 3.1.2.2 of Article 3 of Annex 5 ‘Definition of “Service Supplier” and Related Requirements’ of the CEPA was amended by adding the following contents: Macao service suppliers of air transport ground services shall have obtained the licenses to provide air transport ground services in Macao, and have engaged in substantive business operations for five years or more. In case of a Macao service supplier of airport management services is affiliated with an airline, the Mainland’s relevant rules and regulations also apply.

IV. Annexes

The Annexes to this Supplement form an integral part of this Supplement.

V. Coming Into Effect

This Supplement will come into effect on the day of signature by the representatives of the two sides.

Signed in duplicate in Macao, this 29th day of October 2004 in the Chinese language.

Vice Minister of Commerce
People's Republic of China

Secretary for Economy and Finance Macao
Special Administrative Region of the People's
Republic of China

(Signature)

(Signature)