

Courtesy Translation

Supplement VIII to the Mainland and Macao Closer Economic Partnership Arrangement

To further enhance the level of economic and trade exchanges, as well as cooperation between the Mainland^① and the Macao Special Administrative Region (hereinafter referred to as “Macao”), and pursuant to:

- the Mainland and Macao Closer Economic Partnership Arrangement (hereinafter referred to as “CEPA”) signed on 17 October 2003,
- the Supplement to “CEPA” signed on 29 October 2004,
- the Supplement II to “CEPA” signed on 21 October 2005,
- the Supplement III to “CEPA” signed on 26 June 2006,
- the Supplement IV to “CEPA” signed on 2 July 2007,
- the Supplement V to “CEPA” signed on 30 July 2008,
- the Supplement VI to “CEPA” signed on 11 May 2009, and
- the Supplement VII to “CEPA” signed on 28 May 2010.

the two sides agreed to sign this Supplement VIII on further liberalization of trade in goods and trade in services in the Mainland for Macao, strengthening cooperation in the areas of finance and tourism, and promoting trade and investment facilitation.

I. Trade in Goods

Both sides agreed to amend Article 5.1.3 of Annex 2 of “CEPA” – “Rules of Origin for Trade in Goods” as follows:

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

3. ‘value-added content’ refers to the total value of raw materials and component parts originating in one side, combined with labour costs and product development costs incurred in that side, being greater than or equal to 30% of the FOB value of the exporting goods, and that the final manufacturing or processing operations should be completed in the area of that side. The formula for calculation is as follows:

$$\frac{\text{value of raw materials} + \text{value of component parts} + \text{labour costs} + \text{product development costs}}{\text{FOB value of the exporting goods}} \times 100\% \geq 30\%$$

- (i) ‘product development’ refers to product development carried out in the area of one side for the purposes of producing or processing the exporting goods. Development expenses incurred should be related to the exporting goods. These expenses include fees payable for the development of designs, patents, patented technologies, trademarks or copyrights (collectively ‘these rights’) carried out by the manufacturer himself, fees payable to a natural or legal person in the area of one side for undertaking development of these rights, and fees payable for purchasing these rights owned by a natural or legal person in the area of one side. The fees payable should be clearly identifiable under generally accepted accounting principles and the requirements of ‘Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994’;
- (ii) calculation of the above ‘value-added content’ will be consistent with generally accepted accounting principles and the ‘Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994’;
- (iii) where one side incorporates raw materials or component parts originating in the other side as part of exporting goods, such raw materials and component parts should be regarded as originating in that side in the calculation of the value-added content of the exporting goods; the value-added content of such exporting goods should be greater than or equal to 30%, and moreover, when the value of raw materials or component parts originating in that other side is not taken into account, the value-added content should be greater than or equal to 15%”

The above amendments will be implemented with effect from 1 April 2012.

II. Trade in Services

1. From 1 April 2012, the Mainland shall, on the basis of the commitments on liberalization of trade in services under “CEPA”, the Supplement to “CEPA”, the Supplement II to “CEPA”, the Supplement III to “CEPA”, the Supplement IV to “CEPA”, the Supplement V to “CEPA”, the Supplement VI to “CEPA”, and the Supplement VII to “CEPA”, further relax the market access conditions in 11 sectors, namely, legal, placement and supply services of personnel, distribution, insurance, banking, securities, hospital services, tourism, road transport, qualification examinations for professionals and technicians and individually owned stores etc.; and introduce liberalization measures in 3 new areas, namely, interdisciplinary research and experimental development services, services incidental to manufacturing, and library, archive, museum, and other cultural services. The specific contents are detailed in the Annex of this Supplement VIII.

2. The Annex of this Supplement VIII is a supplement and amendment to Table 1 of Annex 4 of “The Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of “CEPA”, Annex 3 “Supplements and Amendments to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement to “CEPA”, Annex 2 “Supplements and Amendments II to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement II to “CEPA”, Annex “Supplements and Amendments III to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement III to “CEPA”, Annex “Supplements and Amendments IV to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement IV to “CEPA”, Annex “Supplements and Amendments V to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement V to “CEPA”, Annex “Supplements and Amendments VI to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement VI to “CEPA”, and Annex “Supplements and Amendments VII to the Mainland’s Specific Commitments on Liberalization of Trade in Services for Macao” of the Supplement VII to “CEPA”. In the event of conflict with the provisions of the above eight instruments, the provisions of the Annex of this Supplement VIII shall prevail.

3. The two sides decided to amend Annex 5 “Definition of “Service Supplier” and Related Requirements” of “CEPA” as follows:

(1) To amend Article 3.1.2 (1) as:

“The nature and scope of services provided in Macao by a Macao service supplier who intends to provide services in the Mainland should meet the requirements in Annex 4 and this Annex, and any restrictive requirements applicable to the nature and scope of the business of foreign investment entities in the laws, regulations and administrative regulations of the Mainland shall apply. ”

(2) To amend Article 6.1.1 (7) as:

“Original or copy of other relevant document(s) substantiating that the Macao service supplier engages in substantive business operations in Macao, such as licenses, permits, or confirmation letters issued by relevant authorities or organizations in Macao relevant to the nature and scope of business in Macao as required by the laws of Macao, Annex 4 or this Annex.”

(3) The above amendments will be implemented with effect from 1 April 2012.

4. “Service supplier” as referred to in the Annex of this Supplement VIII shall meet the relevant requirements of Annex 5 “Definition of “Service Supplier” and Related Requirements” of “CEPA”.

III. Financial Cooperation

1. To support Mainland banks to make use of Macao’s international financial platform to develop their international businesses on the premises of prudent operation.

2. To support Macao insurance companies to enter the market through setting up business institutions or capital participation, so as to participate and share the development of the Mainland insurance market. To enhance bilateral cooperation in areas such as development of insurance products, business operation and operational management, etc..

IV. Cooperation in Tourism

1. To jointly improve the quality of tourism services in the Mainland and Macao;

establish a coordination mechanism for strengthening the regulatory regime for the tourism market in the Mainland and Macao; set the parameters for “honest and quality” practices of tourism enterprises; protect the legal rights of tourists; and together strive for the healthy and orderly development of Mainland’s Macao-bound tourism market.

2. To take forward the Mainland and Macao’s cooperation in overseas joint tourism promotion; joint development of “multi-destination” itineraries featuring the Mainland and Macao; effective use of overseas tourism exhibitions for joint promotion; and closer cooperation between the overseas tourism offices of the two places.

3. To support the expansion of cooperation between the Mainland and Macao tourism enterprises; encourage mutual entry of tourism enterprises and investments in the two places to enter each other’s markets, support each other’s markets, support strategically Macao service suppliers to set up travel agents in the Mainland; enhance the cooperation in research and development of tourism technologies and tourist attractions; and explore the way forward for cooperation in developing the tourism industry.

V. Trade and Investment Facilitation

1. The two sides agreed to further strengthen cooperation in the areas of commodity inspection, inspection and quarantine of animals and plants, food safety, sanitary quarantine, certification, accreditation and standardization management. Accordingly, the following contents are added to Article 5.2.5 of Annex 6 of “CEPA”:

“To encourage qualified Mainland professional inspection and quarantine organizations to set up subsidiaries in Macao; strengthen the technical cooperation with existing laboratories of the Macao Government.

To consider the establishment of pre-inspection mechanism for goods imported from Macao to the Mainland. In order to support the moderate economic diversification of Macao, the General Administration of Quality Supervision, Inspection and Quarantine of PRC provides facilitation measures in the aspects of access conditions, inspection and quarantine and customs clearance of traditional food, wine and other goods that are imported from Macao to the Mainland. The Zhuhai Entry-Exit Inspection and Quarantine Bureau is designated to implement

pre-inspection on imported goods from Macao.”

2. The two sides agreed to further strengthen cooperation in the area of electronic business. Accordingly, the following contents are added to Article 6.2.1 of Annex 6 of “CEPA”:

“To take forward Guangdong and Macao’s development of pilot applications of mutual recognition of electronic signature certificates; establish a working group to provide suggestions on the framework for the mutual recognition of certificates issued by the two places.”

3. The two sides agreed to add the following contents of cooperation so as to further intensify cooperation in the area of protection of intellectual property rights:

“4. In order to protect the applicants’ interests on trademark registration in Macao, their application for priority in trademark registration application continues to be accepted.”

4. The two sides agreed to further strengthen cooperation in the area of innovation and technology industry. Accordingly, the following subparagraphs 9.3.2.4 and 9.3.2.5 are added to Article 9.3.2 of Annex 6 of “CEPA”, the contents of cooperation of which are:

“9.3.2.4. Further strengthen collaboration between the two places in the area of science and technology in coordination with the adoption and implementation of the national science and technology development plan for the 12th Five-year period and other relevant plans, for the purpose of further integration of Macao’s science and technology resources into the national innovation system.

9.3.2.5. Strengthen the support on Macao’s development in innovation and technology and continually expand new forms of cooperation in science and technology between the two places, such as to support the establishment of a base for training technological personnel in Macao relying on related organizations.”

VI. Annex

The Annex to this Supplement VIII forms an integral part of this Supplement VIII.

VII. Coming Into Effect

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

Signed in duplicate in Macao, this 14th day of December, 2011 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
