[Cursory Translation]

MAINLAND AND MACAO CLOSER ECONOMIC PARTNERSHIP ARRANGEMENT

Agreement on Trade in Goods

Preamble

To deepen trade liberalisation and facilitation between the Mainland ¹ and the Macao Special Administrative Region (hereinafter referred to as the "two sides"), as well as to further enhance the level of bilateral economic and trade exchanges and cooperation, the two sides decided to sign this Agreement on trade in goods between the Mainland and the Macao Special Administrative Region (hereinafter referred to as "Macao").

CHAPTER 1 RELATIONSHIP WITH CEPA²

Article 1

Relationship with CEPA

1. The two sides decided to sign this Agreement on the basis of CEPA, its Supplements, and the implemented measures related to trade in goods in the Agreement on Economic and Technical

The "Mainland" refers to the entire customs territory of China.

² CEPA is the abbreviation of the Mainland and Macao Closer Economic Partnership Arrangement.

Cooperation. This Agreement is the Agreement on Trade in Goods of CEPA.

2. The relevant content of Articles 5 to 9 of Chapter 2, Article 10 of Chapter 3, Articles 16 and 17 of Chapter 5, and Annexes 1, 2, 3 and 6 of CEPA shall be implemented in accordance with this Agreement. In the event that the provisions of this Agreement are in conflict with the provisions of CEPA and its related Supplements, the provisions of this Agreement shall prevail.

CHAPTER 2 SCOPE AND DEFINITION

Article 2

Scope and Definition

- 1. All measures of this Agreement apply to trade in goods between the Mainland and Macao.
- 2. "Measure" referred to in this Agreement means any measure by one side, whether in the form of a law, regulation, rule, procedure, decision, administrative action or any other form. In fulfilling its obligations and commitments under this Agreement, each side shall take such reasonable measures as may be available to it to ensure observance of such obligations and commitments by governments and authorities as well as non-governmental bodies

within its area.

CHAPTER 3 Obligations and Disciplines

Article 3

National Treatment

One side shall, in accordance with Article III of General Agreement on Tariffs and Trade (GATT) 1994, accord to imported goods originated from the other side treatment no less favourable than that it accords to its own like goods.

Article 4

Tariff and Tariff Rate Quota

- 1. Macao shall continue to apply zero tariff to all imported goods of Mainland origin. The Mainland shall fully implement zero tariff on imported goods of Macao origin³.
- 2. Neither side shall apply tariff rate quota to imported goods originated from the other side.

Article 5

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³ Imported goods do not include those prohibited by the Mainland's rules and regulations and those prohibited as a result of the implementation of international treaties by the Mainland, as well as products that the Mainland has made special commitments in relevant international agreements.

Non-tariff Measures

Neither side shall apply non-tariff measures inconsistent with World Trade Organization (hereinafter referred to as the "WTO") rules to goods imported and originated from the other side.

CHAPTER 4 RULES OF ORIGIN AND IMPLEMENTATION PROCEDURES

Section 1 RULES OF ORIGIN

Article 6

Definitions

For the purposes of this Chapter:

"CIF value" means the value of the good imported inclusive of the cost of insurance and freight up to the port or place of entry in the importing side.

"Customs Valuation Agreement" means the Agreement on Implementation of Article 7 of GATT 1994 in Annex 1A to the WTO Agreement.

"FOB or FOB value" means the value of the good free on board inclusive of the cost of transport to the port or site of final shipment abroad.

"Fungible materials" means materials which are

interchangeable for commercial purposes, whose properties are essentially identical, and between which it is impractical to differentiate by a mere visual examination.

"Generally Accepted Accounting Principles (GAAP)" means the recognised accounting standards in one side, with respect to the recording of revenues, expenses, costs, assets and liabilities; the disclosure of information; and the preparation of financial statements. These standards may encompass broad guidelines of general application as well as detailed standards, practices and procedures.

"Good" means any merchandise, product, article, or material.

"Material" refers to ingredients, parts, components, subassembly or goods that were physically incorporated into another good or were subject to a process in the production of another good.

"Neutral elements" are goods used in the production, testing or inspection of another good but not physically incorporated into the good.

"Non-originating goods" or "non-originating materials" means goods or materials that do not qualify as originating under this Chapter, and includes goods or materials of undetermined origin.

"Originating goods" or "originating materials" means goods or materials which qualify as originating in accordance with the provisions of this Chapter.

"Production" means methods of obtaining goods including growing, raising, mining, harvesting, fishing, aquaculture, farming,

trapping, hunting, capturing, gathering, collecting, breeding, extracting, manufacturing, processing or assembling a good.

"Aquaculture" means the farming of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates and aquatic plants, from seedstock such as eggs, fry, fingerlings, and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, or protection from predators.

"Harmonized System (HS)" means the Harmonized Commodity Description and Coding System and revisions thereto set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System signed on 14 June 1983.

"Heading" means the four-digit code used in the HS.

"Subheading" means the six-digit code used in the HS.

Article 7

Originating Goods

Except as otherwise provided in this Chapter, a good shall be considered originating from one side where:

- the good is wholly obtained or produced in one side as defined in Article 8:
- the good is produced in one side exclusively from originating materials;
- 3) the good is produced in one side using

non-originating materials, provided:

- (1) the good falls within the application of the Annex (Product Specific Rules of Origin), and satisfies the applicable tariff classification change, regional value content, manufacturing or processing procedures or other requirements;
- (2) the good does not fall within the application of the Annex (Product Specific Rules of Origin), but its regional value content under the build-up method satisfies the standard of higher than or equal to 30%, or its regional value content under the build-down method satisfies the standard of higher than or equal to 40%.

Article 8

Wholly Obtained or Produced

The following shall be considered as being wholly obtained or produced as referred to in sub-paragraph 1) of Article 7:

- 1) live animals born and raised in one side;
- goods obtained from live animals of one side, including milk, eggs, natural honey, hair, wool, semen or dung;
- plants or plant products harvested, picked or gathered in one side;
- 4) goods obtained from hunting, trapping, fishing,

- aquaculture, gathering or capturing conducted in one side;
- 5) minerals and other naturally occurring substances, not included in sub-paragraphs 1) to 4) above, extracted or taken from one side's soil, waters, seabed or beneath their seabed;
- 6) goods extracted or taken from the waters, seabed or subsoil, of which the right to exploit is owned by one side, outside the territory of that side, provided that that side has the right to exploit such waters, seabed or subsoil in accordance with the international treaties to which that side is a party or participates;
- 7) fish or other marine products obtained by fishing conducted in the seas outside the territorial waters of that side by vessels registered or recorded with or holding a license issued by one side and flying the national flag of that side (for Mainland vessels) or the regional flag of the Macao Special Administrative Region of the People's Republic of China (for Macao vessels);
- 8) goods processed/made on board factory ships registered or recorded with or holding a license issued by one side and flying the national flag of that side (for Mainland vessels) or the regional flag of the Macao Special Administrative Region of the People's Republic of China (for Macao vessels),

- exclusively from goods referred to in sub-paragraph 7) above;
- 9) waste and scrap derived from processing operations in one side and are only used for the recovery of raw materials;
- 10) waste and scrap articles consumed and collected in one side and are only used for the recovery of raw materials;
- 11) goods produced in one side solely from goods referred to in sub-paragraphs 1) to 10) above.

Regional Value Content

- 1. The regional value content set out in sub-paragraph 3) of Article 7 and the Annex (Product Specific Rules of Origin) shall be calculated on the basis of one of the following methods:
 - 1) Build-up Method:

Regional Value Content =

Regional Value Content =	Value of Originating Materials+ Labour Costs + Product Development Costs	×100%
	FOB	
2) Build-down	Method:	
	FOB – Value of Non-originating Materials	

FOB

×100%

The value of originating materials includes the values of

originating raw materials and component parts.

- 2. For the purpose of sub-paragraph 2) of paragraph 1 of this Article, product development refers to product development carried out in one side for the purposes of producing or processing the exporting goods. Product 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 one side for undertaking development of these rights, and fees payable for purchasing these rights owned by a natural or legal person in one side. The fees payable should be identifiable under GAAP and the Agreement on Customs Valuation.
- 3. The value of non-originating materials shall be determined on the basis of one of the follow circumstances:
 - for imported non-originating materials, the value of non-originating materials shall be the CIF value at the time of importation of the material;
 - 2) for non-originating materials obtained in one side, the value of non-originating materials shall be the earliest price paid or payable for the non-originating materials ascertained by that side. The value of such non-originating materials shall not include freight, insurance, packing costs, and any other costs incurred

in transporting the material from the supplier's warehouse to the producer's location.

4. The abovementioned calculation of regional value content shall be consistent with GAAP and the Agreement on Customs Valuation.

Article 10

De Minimis

- 1. A good that doesn't meet the change in tariff classification required in the Annex (Product Specific Rules of Origin) is nonetheless originating, as long as the value of non-originating materials that have been used by the good and do not undergo the applicable change in tariff classification does not exceed 10% of the FOB value of the given good.
- 2. The value of non-originating materials shall be determined in accordance with paragraph 3 of Article 9.

Article 11

Accumulation

1. Where originating goods or originating materials of one side are incorporated into a good in the other side, the goods or materials so incorporated shall be regarded to be originating in the

latter.

2. For a good originating in the latter subject to a regional value content requirement, its regional value content without taking into account the value of goods or materials originating in the former shall be, based on its calculation method, higher than or equal to 15% (build-up method) or 20% (build-down method).

Article 12

Minimal Operations and Processes

- 1. Notwithstanding sub-paragraph 3) of Article 7, a product shall not be considered to be originating merely by reason of having undergone one or more of the following operations or processes:
 - 1) preserving operations to ensure that the good remains in good condition during transport and storage;
 - 2) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
 - 3) packing, unpacking or repacking operations for purposes of sale or presentation;
 - 4) slaughtering of animals;
 - 5) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;
 - 6) ironing or pressing of textiles;
 - 7) simple painting and polishing;
 - 8) husking, partial or total bleaching, polishing, and glazing

of cereals and rice:

- 9) operations to colour sugar or form sugar lumps;
- 10) peeling, stoning and shelling, of fruits, nuts and vegetables;
- 11) sharpening, simple grinding or simple cutting;
- 12) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles), cutting, slitting, bending, coiling, or uncoiling;
- 13) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other similar packaging operations;
- 14) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- 15) simple mixing of goods, whether or not of different kinds;
- 16) mere dilution with water or another substance that does not materially alter the characteristics of the goods;
- 17) operations whose sole purpose is to ease port handling;
- 18) a combination of two or more operations specified in sub-paragraphs 1) to 17).
- 2. All operations in the production of a given good carried out in one side shall be taken into account when determining whether the working or process undergone by that good is considered as minimal operations or processes referred to in paragraph 1 of this

Article 13

Fungible Materials

Where fungible materials are used in the production of a good, the following methods shall be adopted in determining whether the materials used are originating:

- 1) physical separation of the materials;
- 2) an inventory management method recognised in the GAAP of the exporting side. Such inventory management method shall be used for at least 12 consecutive months from the date of its adoption.

Article 14

Neutral Flements

In determining whether a good is an originating good, the origin of the following neutral elements shall be disregarded:

- 1) fuel, energy, catalysts and solvents;
- equipment, devices and supplies used for testing or inspecting the good;
- 3) gloves, glasses, footwear, clothing, safety equipment and supplies;
- 4) tools, dies and moulds;
- 5) spare parts and materials used in the maintenance of

- equipment and buildings;
- 6) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and buildings;
- 7) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

Packaging and Containers

- 1. Containers and packaging materials used for the transport of a good shall not be taken into account in determining the origin of the good.
- 2. Where a good is subject to a change in tariff classification criterion set out in the Annex (Product Specific Rules of Origin), the origin of the packaging materials and containers in which the good is packaged for retail sale shall be disregarded in determining the origin of the good, provided that the packaging materials and containers are classified with the good. However, if a good is subject to a regional value content requirement, the value of the packaging materials and containers used for retail sale shall be taken into account as originating materials or non-originating materials, as the case may be, in calculating the regional value content of the good.

Accessories, Spare Parts and Tools

- 1. Accessories, spare parts, or tools presented and classified with a good shall be considered as part of the good, provided:
 - 1) they are invoiced together with the good;
 - 2) their quantities and values are commercially customary for the good.
- 2. Where a good is subject to change in tariff classification criterion set out in the Annex (Product Specific Rules of Origin), accessories, spare parts, or tools described in paragraph 1 of this Article shall be disregarded when determining the origin of the good.
- 3. Where a good is subject to a regional value content requirement, the value of the accessories, spare parts or tools described in paragraph 1 of this Article shall be taken into account as originating materials or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 17

Sets

1. Sets, as defined in General Rule 3 of the HS, shall be

regarded as originating when all component products are originating.

2. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products, determined in accordance with Article 9, does not exceed 15 % of the FOB value of the set.

Article 18

Direct Consignment

Zero-tariff treatment under this Agreement shall only be applied to goods which are directly consigned between the two sides.

The following shall be considered as in compliance with the direct consignment rule:

- the goods are directly transported from the port of one side to the port of the other side.;
- 2) the goods are transported through Hong Kong, but:
 - the routing is justified for solely geographical reasons or transportation requirements;
 - (2) the goods do not enter into trade or commerce in Hong Kong;
 - (3) the goods do not undergo any operation in Hong Kong other than unloading and reloading, or any operation required to keep them in good condition.

Section 2 ORIGIN IMPLEMENTATION PROCEDURES

Article 19

Certificate of Origin

- 1. A Certificate of Origin, either in electronic or paper form, shall be issued by an authorised issuing body of one side on application by exporter or producer, provided that the goods can be considered as originating in that side subject to the provision of this Chapter. The format of the Certificate of Origin will be agreed by both sides through consultation.
- 2. One side shall inform the other side of the name and address of the authorised issuing body, and shall as well provide specimen impressions of official seals or other security features used by such authorised body, should it issue Certificate of Origin in paper form. Any change in the said name, address, official seals or other security features shall be promptly notified to the customs administration of the other side
- 3. A Certificate of Origin must satisfy the following requirements:
- 1) a Certificate of Origin will have a unique certification reference number;
 - 2) a Certificate of Origin shall be completed in Chinese,

and cover one or more goods under one consignment;

- 3) specify the details of the exporter and consignee, departure date, port of discharge, mode of transport, HS codes (at least 6 digits) of the goods, description of the goods, quantity and quantity unit, price, and details of the issuing body.
- 4) a paper Certificate of Origin shall contain security features, such as specimen signatures or stamps as advised to the importing side by the exporting side;
- 4. A Certificate of Origin shall be issued before or at the time of shipment. It shall be valid for one year from the date of issuance in the exporting side.
- 5. If a Certificate of Origin was not issued before or at the time of shipment due to force majeure, involuntary errors, omissions or other valid causes, a Certificate of Origin may be issued retrospectively within one year from the date of shipment, bearing the words "ISSUED RETROSPECTIVELY" and remain valid for one year from the date of shipment.
- 6. In the event of theft, loss or damage of a paper Certificate of Origin, the exporter or manufacturer may make a written request to the authorised issuing body of the exporting side for issuing a certified copy of the Certificate of Origin. The certified copy shall bear the words "CERTIFIED TRUE COPY of the original Certificate of Origin (number ____ dated ____)". The certified copy shall have the same term of validity as the original Certificate of Origin.

Article 20

Retention of Origin Documents

Each side shall require its producers, exporters and importers to retain documents that prove the originating status of the goods in paper or electronic form for at least 3 years, or in accordance with each side's legal requirements. Each side shall require its authorised issuing body retain the electronic information of the issuance of Certificates of Origin for at least 3 years

Article 21

Obligations Regarding Importations

- 1. For goods applying for zero tariffs, one side may request a declaration of origin upon importation of the goods that qualify as originating in the other side in accordance with the provisions of this Chapter.
- 2. Importers applying for zero tariffs shall:
- 1) take the initiative to declare to the customs administration of the importing side that the goods are eligible for zero tariffs and declare the origin information in accordance with the customs administration's regulations;
- 2) provide, on the request of the customs administration of the importing side, the documentary evidence related to the imported goods.

Refund of Import Customs Duties or Deposit

- 1. In the event that the origin information cannot be verified through interconnection when making an import declaration, the customs administration of the importing side may, at the request of the importer, release the goods on deposit in accordance with the regulations. The customs administration of the importing side will verify the details on the Certificate of Origin within 90 days following the release of the goods and, in accordance with the verification results, proceed with the procedure to either return the deposit or convert the deposit to import tariff.
- 2. The importer may apply for a refund of any excess customs duties imposed or deposit paid within the period specified in the legislation of the importing side.
- 3. No customs duties or deposit shall be refunded in the case where the importer failed to declare to the customs administration at the port of clearance, at the time of importation, that the good was eligible for zero tariff, even though an application for zero tariff and a declaration of origin were made to the customs administration subsequently.

Article 23

Electronic Origin Data Exchange System

- 1. The two sides shall develop an electronic origin data exchange system to ensure the effective and efficient implementation of this Chapter in a manner jointly determined by both sides.
- 2. Technical solutions of the electronic origin data exchange system, as well as the corresponding technical adjustments made to and time arrangement made for the system for the implementation of this Agreement shall be agreed by both sides through consultation.

Verification

- 1. For the purpose of determining the authenticity of the Certificate of Origin, the originating status of the goods concerned, or the fulfilment of the other requirements of this Chapter, the customs administration of the importing side may conduct origin verification by means of:
 - 1) requests for additional information from the importer;
- 2) requests for additional information from the exporter or producer through the customs administration of the exporting side;
- 3) requests that the customs administration of the exporting side verify the origin of a good;
- 4) such other procedures as the customs administrations of the two sides may jointly decide;

- 5) verification visits to the exporting side with the accompaniment of customs officers of the exporting side, when necessary, in a manner jointly determined by the customs administrations of the two sides.
- 2. The customs administration of the importing side requesting verification from the customs administration of the exporting side shall specify the reasons, and provide any documents and information justifying the verification.
- 3. Upon receiving a request for additional information, the importer, exporter or producer referred to in paragraph 1 of this Article shall respond promptly to the request and reply within 90 days from the date of receipt of the request. The customs administration of the exporting side shall complete the verification and respond with the verification results within 6 months from the date of receipt of the request;
- 4. If no reply is received within the periods mentioned above, or if the reply does not contain sufficient information to determine the authenticity of the documents or the originating status of the goods in question, the customs administration of the importing side may deny zero-tariff treatment.

Denial of Zero-tariff Treatment

Except as otherwise provided in this Chapter, the importing side may deny claim for zero-tariff treatment under any one of the following circumstances:

- 1) the good does not meet the requirements of this Chapter;
- 2) the importer, exporter or producer fails to comply with the requirements of this Chapter;
- 3) the Certificate of Origin does not meet the requirement of this Chapter;
 - 4) in a case stipulated in paragraph 4 of Article 24.

Article 26

Working Group on Rules of Origin

- 1. The two sides agree to set up the Working Group on Rules of Origin under the mechanism of the CEPA Joint Steering Committee.
- 2. The Working Group on Rules of Origin shall comprise representatives of authorities of the two sides responsible for rules of origin, and shall review periodically the effectiveness and consistency of this Chapter and whether the spirit and goal of this Agreement are fulfilled, as well as exchange data or information related to goods entitled to zero-tariff treatment in the mode agreed by both sides.

- 3. At the request of either side, the Working Group on Rules of Origin will conduct consultations on revising the rules of origin for goods entitled to zero tariffs on the basis of the mechanism and time schedule decided by the authorities of the two sides responsible for rules of origin. After the consultations, the revised rules of origin will be implemented upon promulgation by the two sides.
- 4. The Working Group on Rules of Origin shall meet at least once every year or upon mutual agreement.
- 5. The customs administrations of the two places shall convene at least one implementation meeting with the relevant authorities every year to review the verification of origin and explore measures to strengthen the cooperation between the two sides.

CHAPTER 5 CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 27

Scope and Objectives

1. This Chapter shall apply, in accordance with the two sides' respective obligations and customs law, to customs procedures applied to goods traded between the two sides and to the movement of means of transport between the two sides.

- 2. The objectives of this Chapter are to:
 - 1) simplify and harmonise customs procedures;
 - 2) facilitate trade between the two sides;
- 3) promote cooperation between the customs administrations of the two sides, within the scope of this Chapter.

Definitions

For the purposes of this Chapter:

"Customs law" means the statutory and regulatory provisions relating to the importation, exportation, movement or storage of goods, the administration or enforcement of which are specifically charged to the customs administration, and any regulations made by the customs administration under their statutory powers.

"Customs procedures" means the treatment applied by the customs administration to goods and means of transport that are subject to customs control.

"Means of transport" means various types of vessels, vehicles, and aircraft which enter or leave the customs territory of one side carrying persons or goods.

"Customs Valuation Agreement" means the Agreement on Implementation of Article 7 of GATT 1994 in Annex 1A to the WTO Agreement.

"Harmonized System (HS)" means the Harmonized Commodity Description and Coding System and revisions thereto set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System signed on 14 June 1983.

Article 29

Affirmation of the Agreement on Trade Facilitation

The two sides reiterate their observance of their respective commitments under the Agreement on Trade Facilitation in Annex 1A to the WTO Agreement (hereinafter referred to as the "Agreement on Trade Facilitation"), and will promote the implementation of the Agreement on Trade Facilitation.

Article 30

Facilitation

- 1. Each side shall ensure that its customs procedures and practices are predictable, consistent, and transparent with a view to facilitating trade.
- 2. One side shall, where possible, use customs procedures based on international standards, in particular the standards and recommended practices of the World Customs Organization, to reduce costs and unnecessary delays in trade between the two

sides.

- 3. The two sides shall strengthen exchange on the implementation of the Trade Facilitation Agreement.
- 4. The two sides shall continuously seek ways to further streamline the procedures and enhance the level of facilitation.

Article 31

Transparency

- 1. One side shall promptly publish its relevant laws, regulations, as well as administrative rules applicable to trade in goods between the two sides.
- 2. One side shall designate enquiry points to address enquiries from interested persons on customs matters, and shall make available on the Internet information concerning procedures for making such enquiries.
- 3. Where possible, one side shall publish, in advance on the Internet, relevant draft laws and regulations applicable to trade between the two sides, with a view to affording the public, especially interested persons, an opportunity to provide comment.
- 4. The customs administrations of the two sides shall

establish a reciprocal notification system to report their respective policies and regulations on customs clearance and management of clearance facilitation.

5. One side shall administer, in a uniform, impartial and reasonable manner, its relevant laws and regulations applicable to trade between the two sides.

Article 32

Customs Valuation

One side shall determine the customs value of goods traded between the two sides in accordance with the provisions of Article VII of GATT 1994 and the Customs Valuation Agreement.

Article 33

Tariff Classification

One side shall apply the HS to goods traded between them.

Article 34

Customs Cooperation

Recognising the importance of close and long-term cooperation between the two customs administrations and of the

implementation of customs clearance facilitation to their economic and social development, the two sides agree to strengthen the following cooperation in the areas of customs procedures and trade facilitation:

- 1) Conduct studies and exchanges on the differences between their respective customs clearance systems and on existing problems, with a view to enhancing the level of facilitation and enriching the specific content of cooperation in customs clearance facilitation.
- 2) Commence cooperation focusing on "mutual exchange of information, mutual recognition of control and mutual assistance of enforcement" with a view to enhancing the operational efficiency of control points.
- 3) Strengthen cooperation in respect of customs clearance in logistics modes such as sea transportation, land transportation and intermodal operation, and promote unification of the format of electronic information for road manifests to enhance the efficiencies of control and of customs clearance.
- 4) Strengthen the work of the Expert Group on Cargo Data Sharing and Road Cargo Clearance set up under the two customs administrations, study further the feasibility of data interchange and development of electronic customs clearance system at control points, strengthen the risk management of customs clearance and enhance its efficiency with technical solutions.

Article 35

Application of Information Technology

The customs administration of one side shall apply information technology to support customs operations, where it is cost-effective and efficient, take into account developments in this area within the World Customs Organization, explore customs clearance facilitation by making use of the Internet and other means, and develop and promote the Single Window.

Article 36

Risk Management

- 1. One side shall develop and maintain a risk management system for implementing customs control, and shall determine which persons, goods or means of transport are to be examined and the extent and method of the examination by means of risk analysis.
- 2. One side shall work to further enhance the use of risk management techniques in the administration of its customs procedures so as to facilitate the clearance of low-risk goods and allow resources to focus on high-risk goods.
- 3. The two sides will, on the basis of fair negotiation, explore strengthening the existing liaison mechanism between the customs administrations of the two sides with a view to enhancing the level of risk management and trade efficiency.

Authorised Economic Operator System

- 1. One side operating an Authorised Economic Operator (AEO) System or related measures shall draw on internationally accepted standards, in particular the practices of the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade.
- 2. The two sides shall jointly promote the cooperation in mutual recognition of AEO System, providing customs clearance facilitation to law-abiding and safe enterprises in accordance with law while ensuring effective control, so as to promote facilitation of trade between the two sides and international trade.

Article 38

Release of Goods

- 1. One side shall establish or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the two sides. For greater certainty, this paragraph shall not be construed to require one side to release a good where its requirements for release have not been met.
- 2. In accordance with paragraph 1 of this Article, one side

shall establish or adopt procedures that:

- 1) provide for advance electronic submission and processing of information before the physical arrival of goods with a view to expediting the release of goods;
- 2) ensure that goods are released within a period no longer than that required to ensure compliance with its customs laws.

Article 39

Perishable Goods

- 1. With a view to preventing avoidable loss or deterioration of perishable goods, and provided all regulatory requirements have been met, one side shall:
- 1) release perishable goods within the shortest possible time under normal circumstances;
- 2) allow the release of perishable goods outside the business hours of its customs administration in exceptional circumstances where it would be appropriate to do so.
- 2. One side shall give appropriate priority to perishable goods when scheduling any examinations.

Article 40

Liaison Mechanism

1. The two sides will steer and coordinate cooperation in

customs clearance facilitation through the Annual Review Meeting between the senior leaders of the General Administration of Customs of the Mainland and the Macao Customs Service, and will promote the launch of cooperation in customs clearance facilitation and conduct periodically evaluation of the effectiveness of trade facilitation measures through expert groups of the customs administrations and relevant departments of the two sides.

- 2. The customs administrations of the two sides will set up a liaison officers' mechanism and implement point-to-point hotline communication measures with a view to coordinating and solving in a timely manner problems arising from cooperation.
- 3. The two sides will establish a control point matters hotline liaison mechanism, strengthen cooperation in establishing a crisis management mechanism at control points and adopt effective measures to maintain as far as possible smooth clearance on the two sides.
- 4. The customs administrations of the two sides will establish a regular meeting mechanism to make full use of the Guangdong and Macao Customs Working Group on Operational Efficiency of Control Points set up under the Guangdong Branch of the General Administration of Customs and the Macao Customs Service.

CHAPTER 6

SANITARY AND PHYTOSANITARY MEASURES

Article 41

Objectives

The objectives of this Chapter are to:

- 1) facilitate trade between the two sides, while protecting human, animal or plant life or health in the area of each side;
- 2) ensure transparency in the sanitary and phytosanitary measures and legislation of the two sides;
- strengthen cooperation between competent authorities
 of the two sides with responsibility for matters covered by this
 Chapter;
- 4) enhance practical implementation of the principles of the Agreement on the Application of Sanitary and Phytosanitary Measures in Annex 1A to the WTO Agreement (hereinafter referred to as the "SPS Agreement").

Article 42

Scope

This Chapter shall apply to all sanitary and phytosanitary measures that may, directly or indirectly, affect trade between the two sides.

Article 43

Definitions⁴

For the purposes of this Chapter:

"Sanitary and phytosanitary measure" means any measure applied for the following purposes:

- 1) to protect animal or plant life or health within the area of one side from risks arising from the entry, establishment or spread of insect infestations, diseases, disease-carrying organisms, disease-causing organisms or pests;
- 2) to protect human or animal life or health within the area of one side from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
- 3) to protect human life or health within the area of one side from risks arising from diseases, insect infestations or pests carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or
- 4) to prevent or limit other damage within the area of one side from the entry, establishment or spread of insect infestations or pests.

Sanitary and phytosanitary measures include all relevant laws, decrees, regulations, requirements and procedures including, *inter alia*, end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the

⁴ For the purpose of these definitions, "animals" mean the live animals, whether domesticated or wild, such as livestock, poultry, beasts, snakes, tortoises, fishes, shrimps and prawns, crabs, shellfishes, silkworms and bees; "plants" mean living plants and parts thereof, including seeds and germplasm; "pest" means any species, strain or biotype of plant, animal or pathogenic agent injurious to plants or plant products; and "contaminants" include pesticide and veterinary drug residues and extraneous matter.

transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labelling requirements directly related to food safety.

"Harmonisation" means the establishment, recognition and application of common sanitary and phytosanitary measures by the two sides.

"International standards, guidelines and recommendations" refer to:

- 1) for food safety, the standards, guidelines and recommendations established by the Codex Alimentarius Commission (CAC) relating to food additives, veterinary drug and pesticide residues, contaminants, methods of analysis and sampling, and codes and guidelines of hygienic practice;
- 2) for animal health and zoonoses, the standards, guidelines and recommendations developed under the auspices of the World Organisation for Animal Health (OIE);
- 3) for plant health, the international standards, guidelines and recommendations developed under the auspices of the Secretariat of the International Plant Protection Convention (IPPC) in cooperation with regional organisations operating within the framework of the IPPC; and
- 4) for matters not covered by the above organisations, appropriate standards, guidelines and recommendations promulgated by other relevant international organisations open for

membership to all Members of the WTO, as identified by the WTO Committee on Sanitary and Phytosanitary Measures.

"Risk assessment" means the evaluation of the likelihood of entry, establishment or spread of an insect infestation, disease or pest within the area of the importing side according to the sanitary and phytosanitary measures which might be applied, and of the associated potential biological and economic consequences; or the evaluation of the potential for adverse effects on human or animal health arising from the presence of additives, contaminants, toxins or disease-causing organisms in food, beverages or feedstuffs.

"Appropriate level of protection" means the level of protection deemed appropriate by the one side establishing a sanitary and phytosanitary measure to protect human, animal or plant life or health within its area.

"Pest- or disease-free area" means an area in which a specific insect infestation, disease or pest does not occur as demonstrated by scientific evidence and in which, where appropriate, this condition is being officially maintained.

Article 44

Affirmation of the SPS Agreement

The two sides reiterate their observance of the SPS Agreement.

Harmonisation

To harmonise sanitary and phytosanitary measures on as wide a basis as possible, one side shall, as far as possible, base its sanitary and phytosanitary measures on international standards, guidelines and recommendations established by the CAC, the OIE, and the relevant international and regional organisations operating within the framework of the IPPC where they exist.

Article 46

Adaptation to Regional Conditions

- 1. The two sides agree that issues related to the adaptation of zones with different sanitary and phytosanitary status and that affect or may affect trade between them shall be addressed in accordance with Article 6 of the SPS Agreement.
- 2. In case of an event affecting the sanitary or phytosanitary status of a pest- or disease-free area or an area of low pest or disease prevalence, the two sides shall do their utmost for re-establishing such status and endeavour to minimise the impact on the related trade based on risk assessments taking into account relevant international standards, guidelines and recommendations (such as the Guidelines to Further the Practical Implementation of Article 6 of the Agreement on the Application of Sanitary and

Phytosanitary Measures (G/SPS/48) adopted by the WTO Committee on Sanitary and Phytosanitary Measures, and relevant standards developed by OIE and IPPC).

Article 47

Equivalence

- 1. One side shall give active consideration to accepting as equivalent the sanitary and phytosanitary measures of the other side that can achieve the same appropriate level of protection.
- 2. The two sides shall, on request of either side, enter into consultations with the aim of achieving recognition arrangements of the equivalence of specified sanitary and phytosanitary measures.

Article 48

Measures at Control Points

- 1. Except as provided for in Article 5.7 of the SPS Agreement, one side shall, based on scientific principles, implement sanitary or phytosanitary measures at control points.
- 2. Where one side detains, at a port of entry, goods exported from the other side due to a perceived failure to comply with sanitary or phytosanitary requirements, the reasons for the detention shall be promptly notified to the importer or his or her representative. In the

event of serious non-compliance with sanitary or phytosanitary requirements being identified, the other side shall be promptly notified.

Article 49

Technical Cooperation

- 1. The two sides agree to further strengthen technical cooperation on the basis of the Agreement on Economic and Technical Cooperation of CEPA. For sanitary and phytosanitary measures matters of common concern and consistent with this Chapter, the two sides agree to explore technical cooperation, including regular exchanges of regulatory systems and personnel and of laboratory technologies and personnel, with a view to enhancing the mutual understanding of the regulatory systems between the two sides and facilitating access to each other's markets.
- 2. The two sides, at the request of either side, shall give due consideration to cooperation in relation to sanitary and phytosanitary issues. Such cooperation, which shall be on mutually agreed terms and conditions, may include, but are not limited to:
- strengthening exchange of experience and cooperation in the development and application of sanitary and phytosanitary measures:
 - 2) cooperation on the implementation of the concept of

regionalisation in accordance with Article 6 of the SPS Agreement and the relevant international standards, guidelines, and recommendations, in order to facilitate trade between the two sides;

3) strengthening cooperation with respect to, *inter alia*, laboratory testing techniques, disease/pest control methods and risk analysis methodology.

Article 50

Working Group on Sanitary and Phytosanitary Measures

- 1. The two sides agree to set up the Working Group on Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Working Group"), which comprises of representatives of the two sides, under the mechanism of the CEPA Joint Steering Committee to monitor the implementation of this Chapter.
- 2. The functions of the SPS Working Group are to:
 - 1) monitor the implementation of this Chapter;
 - 2) coordinate technical cooperation activities;
 - 3) facilitate technical consultations;
- 4) identify areas for enhanced cooperation, including giving active consideration to any specific proposal made by either side:
- 5) establish dialogue between competent authorities in accordance with the objectives of this Chapter;
 - 6) perform other functions agreed by the two sides.

- 3. The SPS Working Group shall be co-chaired and meet once a year, unless otherwise agreed by the two sides. The meetings may be conducted by any agreed method on a case by case basis and may be combined with those of the Working Group on Technical Barriers to Trade established under Chapter 7 of this Agreement.
- 4. To achieve the objectives of this Article, the SPS Working Group shall be coordinated by the relevant competent authorities of each side.
- 5. The two sides shall ensure that such authorities and their personnel are engaged. The SPS Working Group shall carry out its work through the communication channels agreed to by the two sides, including electronic mail, teleconferencing, videoconferencing, or other means.

Technical Consultations

1. When one side considers that a relevant sanitary and phytosanitary measure of the other side has constituted obstacle to its exports, or a major non-compliance has been identified at control point inspection, the two sides shall conduct technical consultations as soon as possible. The requested side shall give active

consideration to any request for technical consultations and respond as early as possible to such request.

- 2. Technical consultations shall be held at times mutually agreed upon by both sides with a view to reaching a mutually satisfactory solution, and may be conducted through any means mutually agreed by the two sides concerned.
- 3. Where the two sides have reached a mutually agreed solution by carrying out technical consultations, they shall maintain communication with each other to ensure consistency.

Article 52

Contact Points

- 1. The two sides shall designate their respective contact point or contact points who shall, for that side, have the responsibility for coordinating the implementation of this Chapter.
- 2. One side shall provide the other side with the name of the designated contact point or contact points and the details of the relevant personnel in that institution, including telephone, facsimile, electronic mail and any other relevant details.
- 3. One side shall notify the other side promptly of any change in their contact point or contact points or any amendments to

the details of the relevant responsible persons.

CHAPTER 7 TECHNICAL BARRIERS TO TRADE

Article 53

Objectives

The objectives of this Chapter are to:

- 1) facilitate trade in goods between the two sides and access to each other's markets within the scope of this Chapter for promoting the implementation of the Agreement on Technical Barriers to Trade in Annex 1A to the WTO Agreement (hereinafter referred to as the "TBT Agreement");
- 2) reduce, wherever possible, unnecessary costs associated with trade between the two sides;
- 3) facilitate information exchange and communication between the two sides, and enhance mutual understanding of their respective regulatory system;
- 4) strengthen cooperation between the two sides in the field of technical regulations, standards and conformity assessment procedures.

Article 54

Scope

This Chapter applies to all standards, technical regulations and conformity assessment procedures that may, directly or indirectly, affect trade in goods between the two sides, but does not apply to:

- 1) sanitary and phytosanitary measures which are covered by Chapter 6 of this Agreement;
- 2) purchasing specifications prepared by competent authorities of the two sides for their own production or consumption requirements.

Article 55

Definitions

The terms presented in the sixth edition of the International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) Guide 2 (hereinafter referred to as "ISO/IEC Guide 2"): 1991, General Terms and Their Definitions Concerning Standardization and Related Activities, shall, when used in this Chapter, have the same meaning as given in the definitions in the said Guide taking into account that services are excluded from the coverage of this Agreement.

For the purposes of this Chapter:

1) "Technical regulation" means document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include

or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Explanatory note

The definition in ISO/IEC Guide 2 is not self-contained, but based on the so-called "building block" system.

2) "Standard" means document approved by a recognised body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Explanatory note

The terms as defined in ISO/IEC Guide 2 cover products, processes and services. This Chapter deals only with technical regulations, standards and conformity assessment procedures related to products or processes and production methods. Standards as defined by ISO/IEC Guide 2 may be mandatory or voluntary. For the purpose of this Chapter standards are defined as voluntary and technical regulations as mandatory documents. Standards prepared by the international standardisation community are based on consensus. This Chapter covers also documents that are not based on consensus.

3) "Conformity assessment procedure" means any procedure used, directly or indirectly, to determine that relevant

requirements in technical regulations or standards are fulfilled.

Explanatory note

Conformity assessment procedures include, *inter alia*, sampling, testing and inspection; evaluation, verification and assurance of conformity; registration, accreditation and approval as well as their combinations.

Article 56

Affirmation of TBT Agreement

The two sides reiterate their observance of the TBT Agreement.

Article 57

Standards

- 1. With respect to the preparation, adoption and application of standards, the two sides shall adopt reasonable measures that they can adopt to ensure that their standardising body or bodies accept and comply with Annex 3 to the TBT Agreement.
- 2. The two sides shall encourage their relevant organisations to launch cooperation in standardisation with respect to their interested standards. Such cooperation shall include, but is not limited to:
 - 1) exchange of information on standards;

2) exchange of information relating to standard setting procedures.

Article 58

Conformity Assessment Procedures

- 1. The two sides shall seek to enhance the acceptance of the results of conformity assessment procedures conducted in the other side with a view to increasing efficiency and ensuring cost effectiveness of the conformity assessments.
- 2. With respect to electronic and electrical products, the two sides will explore and promote the mutual recognition of certification results of originating electronic and electrical products with a view to promoting trade facilitation.
- 3. The two sides agree to encourage their conformity assessment bodies to work more closely with a view to facilitating the acceptance of conformity assessment results between the two sides.

Article 59

Technical Cooperation

1. The two sides agree to intensify technical cooperation on the basis of the Agreement on Economic and Technical Cooperation

of CEPA.

- 2. The two sides shall intensify their joint efforts in the fields of technical regulations, standards and conformity assessment procedures.
- 3. With a view to increasing mutual understanding of their respective systems, strengthening capacity building and facilitating bilateral trade, the two sides shall strengthen their technical cooperation in the following areas:
- 1) communication between competent authorities of the two sides and exchange of information in respect of technical regulations, standards, conformity assessment procedures, and good regulatory practice;
- 2) encouraging cooperation between conformity assessment bodies of the two sides;
 - 3) other areas mutually agreed by the two sides.

Article 60

Control Point Measures

Where one side detains, at a port of entry, goods exported from the other side due to a perceived failure to comply with a technical regulation or conformity assessment procedures, the competent authority shall notify promptly the importer or his or her representative of the reasons for the detention.

Working Group on Technical Barriers to Trade

- 1. The two sides agree to set up the Working Group on Technical Barriers to Trade (hereinafter referred to as the "TBT Working Group"), which comprises of representatives of the two sides, under the mechanism of the CEPA Joint Steering Committee to monitor the implementation of this Chapter.
- 2. The TBT Working Group's functions are to:
 - 1) monitor the implementation of this Chapter;
 - 2) coordinate technical cooperation activities;
 - 3) facilitate technical consultations;
- 4) identify areas for enhanced cooperation, including giving active consideration to any specific proposal made by either side:
- 5) establish dialogue between competent authorities in accordance with the objectives of this Chapter;
- 6) perform other functions mutually agreed by the two sides.
- 3. The TBT Working Group shall be co-chaired and meet once a year, unless otherwise agreed by the two sides. The meetings may be conducted by any agreed method on a case by case basis and may be combined with those of the SPS Working

Group established under Chapter 6 of this Agreement.

- 4. To achieve the objectives of this Article, the TBT Working Group shall be coordinated by the relevant competent authorities of each side.
- 5. The two sides shall ensure that such authorities and their personnel are engaged. The TBT Working Group shall carry out its work through the communication channels agreed to by the two sides, including electronic mail, teleconferencing, videoconferencing, or other means.

Article 62

Technical Consultations

- 1. When one side considers that a relevant technical regulation or conformity assessment procedure of the other side has constituted obstacle to its exports, it may request technical consultations. The requested side shall give active consideration and respond as early as possible to such request.
- 2. Technical consultations shall be held at times mutually agreed upon by both sides with a view to reaching a mutually satisfactory solution, and may be conducted through any means mutually agreed by the two sides concerned.

Contact Points

- 1. The two sides shall designate their respective contact point or contact points who shall, for that side, have the responsibility for coordinating the implementation of this Chapter.
- 2. One side shall provide the other side with the name of the designated contact point or contact points and the details of the relevant personnel in that institution, including telephone, facsimile, electronic mail and any other relevant details.
- 3. One side shall notify the other side promptly of any change in their contact points or any amendments to the details of the relevant responsible persons.

CHAPTER 8 TRADE REMEDIES

Article 64

Anti-dumping Measures

Neither side shall apply anti-dumping measures to goods imported and originated from the other side.

Article 65

Subsidies and Countervailing Measures

The two sides reiterate their observance of the Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement and Article XVI of GATT 1994, and undertake not to apply countervailing measures to goods imported and originated from each other.

Article 66

Safeguards

If the implementation of this Agreement causes sharp increase in the import of a product originating from the other side which has caused or threatened to cause serious injury to the affected side's domestic industry that produces like or directly competitive products, the affected side may, after giving written notice, temporarily suspend the concessions on the import of the concerned product from the other side, and shall, at the request of the other side, promptly commence consultations under Article 19 of Chapter 6 of CEPA in order to reach an agreement.

CHAPTER 9 GUANGDONG-HONG KONG-MACAO BAY AREA TRADE FACILITATION MEASURES

Article 67

Scope and Objectives

1. The trade in goods between Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing of Guangdong Province within the Guangdong-Hong Kong-Macao Bay Area (hereinafter referred to as the "nine PRD cities") and Macao is an integral part of this Agreement.

2. The objectives of this Chapter are to:

- 1) conform to trade rules of internationally high level for promoting facilitation in movement of goods and taking forward trade liberalisation; expand and optimise the function of control points, and promote the implementation of further facilitated customs clearance modes at the control points within the Bay Area in accordance with law with a view to significantly enhancing the customs clearance capacities, efficiency and effectiveness of controls points in Guangdong and Macao;
- 2) highlight the function of the Bay Area as a core and hub by building the Bay Area into a centre stage for showcasing the convenient and efficient flow of factors of production; give full play to the radiating and leading role of the Bay Area to propel the development of the Pan-Pearl River Delta region and establish a business environment of global competitiveness.

Article 68

Guangdong-Hong Kong-Macao Bay Area Trade Facilitation

Measures

Based on the principles of mutual benefit and promoting coordinated development, the two sides agree that the nine PRD cities and Macao will adopt the following measures:

- 1) Explore express cross-border customs clearance facilitation methods in the nine PRD cities, and progressively extend such methods to the Western Taiwan Straits city cluster and the Beibu Gulf city cluster.
- 2) Promote the development of single-window interoperability, and explore the control point information exchange and service sharing mechanism as well as the implementation of trade data coordination, simplification and standardisation.
- 3) Develop and optimise the "online customs", with the two sides jointly studying and exploring the feasibility of launching electronic cargo data sharing between the customs administrations of the Mainland and Macao.
- 4) Make public regularly the overall customs clearance time of goods, and further compress it.
- 5) Innovate on customs clearance modes by exploring multiple collaborative inspection modes, such as "joint inspection, one-off release" and "inspection on entry, monitoring on exit", so as to enhance the level of trade facilitation.
- 6) Promote mutual recognition of inspection and quarantine results of low-risk goods, excluding animals and plants and products thereof, between the two sides.

- 7) Explore the expansion of the range of trusted commodities and institutions under the third-party inspection, testing and certification results acceptance scheme, and grant express customs clearance treatment to such commodities and institutions.
- 8) Accord customs clearance facilitation measures to food products processed in Macao with raw materials originated from the Mainland on the basis of consensus between the Mainland's General Administration of Customs and Macao's relevant competent authorities.

CHAPTER 10 OTHER PROVISIONS

Article 69

Exceptions

The provisions of this Agreement and its Annexes shall not prevent one side from maintaining or adopting exception measures that are consistent with the WTO rules.

Article 70

Annexes

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

Coming into Effect and Implementation

This Agreement shall come into effect on the day of signature by the representatives of the two sides, and shall be implemented on 1 January 2019.

This Agreement is signed in duplicate in the Chinese language.

This Agreement is signed on 12 December 2018 in Macao.

International Trade Negotiation
Representative and Vice
Minister of Commerce
People's Republic of China

Finance
Macao Special
Administrative Region of the
People's Republic of China