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Editor’s Notes:

The newly signed Supplement VIII to CEPA consists of Trade in Goods, Trade in Services as well as Trade and Investment Facilitation. As for Trade in Goods, the requirement for “value-added content”, which is one of the criteria for determining “substantial transformation” under Rules of Origin, is further relaxed; on the liberalization of Trade in Services, Supplement VIII will further relax the market access conditions in 12 existing sectors, and introduce 3 new service sectors, including interdisciplinary research and experimental development services, services incidental to manufacturing as well as library, archive, museum, and other cultural services, raising the total number of liberalized service sectors under CEPA to 46. In the meantime, the business scope of Macao service suppliers which is allowed to apply in the Mainland will be broadened, by allowing the qualified service suppliers to participate in cross-sector business under CEPA, on condition that they adhere to the requirements of relevant laws and regulations in the Mainland. As for Trade and Investment Facilitation, the Mainland and Macao will further strengthen cooperation in 4 areas, including commodities inspection, electronic business, protection of intellectual property rights and innovation and technology industry, striving to develop Macao into a regional service platform for trade and commerce as well as a centre of tourism and leisure. Supplement VIII to CEPA will also bring closer cooperation in the areas of finance and tourism.

1. *The Mainland and Macao signed Supplement VIII to CEPA*

Witnessed by the Chief Executive, Mr. Chui Sai On, Deputy Director of Hong Kong and Macao Affairs Office of the State Council, Mr. Zhou Bo, Deputy Director of the Central Liaison Office in Macao, Ms. Gao Yan, Commissioner of the Foreign Ministry in Macao, Mr. Hu Zhengyue and Director-General of Macao Customs Service, Mr. Choi Lai Hang, Vice Minister of Commerce of the People's Republic of China, Mr. Jiang Yaoping, and Secretary for Economy and Finance of the Macao SAR Government, Mr. Tam Pak Yuen, represented the two sides to sign the legal text of Supplement VIII to CEPA at the Macao Government Headquarter on 14 December 2011.



Chief Executive, Mr. Chui Sai On and other guests witnessed the signing ceremony of the legal text of Supplement VIII to CEPA

The newly signed supplement which will be effective from 1 April 2012, involves the contents of Trade in Goods, Trade in Services as well as Trade and Investment Facilitation. On Trade in Goods, the requirement for “value-added content”, which is one of the criteria for determining “substantial transformation” under Rules of Origin, is further relaxed. The amendment is mainly on the calculation of “value-added content”, where Macao manufacturers incorporate raw materials and component parts imported and originated from the Mainland as part of the exporting goods, their value can be calculated as the raw materials and component parts from Macao. With respect to the “Value-added content”, when the value of raw materials and component parts originated from the Mainland being greater than or equal to 30%, and that value of raw materials and component parts originated from the Mainland is not taken into account, the value-added content should be greater than or equal to 15%. This measure enables more products to make use of the zero tariff preferential treatment to enter the Mainland market and improve the flexibility of calculation for the origin criteria. With relation to the liberalization of Trade in Services, the market access conditions will be further relaxed in 12 existing service sectors including legal, placement and supply services of personnel, distribution, banking, securities, insurance, hospital, tourism, road transport, professional qualification examinations, and individually owned stores. Liberalization measures will also be introduced in 3 new service sectors, namely, interdisciplinary research and experimental development services; services incidental to manufacturing; library, archive, museum, and other cultural services. These will bring the total number of liberalized service sectors under CEPA to 46; meanwhile, the business scope of Macao service suppliers which is allowed to apply in the Mainland will be broadened, by allowing the service suppliers to participate in cross-sector business under CEPA, on condition that they adhere to the requirements of relevant laws and regulations in the Mainland.

Considering the importance of developing Macao into a regional service platform for trade and commerce as well as a centre of tourism and leisure, closer cooperation arrangement in the two areas, finance and

tourism is also included in the Supplement VIII to CEPA. As for Trade and Investment Facilitation, the Mainland and Macao will further strengthen cooperation in 4 areas, including commodities inspection, electronic business, protection of intellectual property rights and innovation and technology industry. Among them, in the aspect of commodities inspection, the facilitation measures on access conditions, inspection and quarantine and customs clearance will be provided for 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.

The main content of liberalization of service sectors is as follows:

Service Sectors	Main Content of Liberalization in the Supplement VIII to CEPA
Legal	<ul style="list-style-type: none"> ● To further develop closer cooperation between the legal professions of the Mainland and Macao, and to explore ways of improving the mode of association of law firms of the two places. ● To consider broadening the scope of business of Macao residents who have acquired Mainland legal professional qualification and hold a Mainland lawyers' practice certificate in acting as agents in civil litigation cases in the Mainland relating to Macao residents or juridical persons.
Interdisciplinary research and experimental development services	<ul style="list-style-type: none"> ● To allow Macao service suppliers to provide interdisciplinary research and experimental development services on natural science in the Mainland on an equity-joint venture, contractual joint-venture or wholly-owned basis.
Services incidental to manufacturing	<ul style="list-style-type: none"> ● To allow Macao service suppliers to provide services incidental to manufacturing (except for prohibited categories in the "Catalogue for the Guidance of Foreign Investment Industries") in the Mainland on an equity joint-venture, contractual joint-venture or wholly-owned basis.
Placement and supply services of personnel	<ul style="list-style-type: none"> ● The minimum registered capital required for Macao service suppliers to set up human resources service organizations in the human resources service industry parks approved by the Ministry of Human Resources and Social Security follows the requirements applicable to Mainland enterprises in the municipality where the industrial park is located.
Distribution	<ul style="list-style-type: none"> ● For the same Macao service supplier that has opened more than 30 stores accumulatively in the Mainland and sells different types and brands of commodities (including staple food) coming from multiple suppliers, the Macao service supplier is allowed, on a pilot basis, to operate in Guangdong on a wholly-owned basis.

Service Sectors	Main Content of Liberalization in the Supplement VIII to CEPA
Insurance	<p>To allow Macao insurance brokerage companies to set up wholly-owned insurance agency companies in Guangdong Province (including Shenzhen) on a pilot basis. The place of operation should be in Guangdong Province (including Shenzhen), and the applicant must fulfill the following criteria:</p> <ol style="list-style-type: none"> <li data-bbox="564 533 1493 613">(1) The applicant should have been operating insurance brokerage businesses in Macao for more than 10 years; <li data-bbox="564 674 1493 853">(2) The average annual business revenue of the applicant for the past three years before application should not be less than HKD 500,000 and the total assets as at the end of the year before application should not be less than HKD 500,000; <li data-bbox="564 882 1493 963">(3) Within three years before application, there has been no serious misconduct and record of disciplinary action; and <li data-bbox="564 1023 1493 1104">(4) The applicant should have set up a representative office in the Mainland for over 1 year.
Banking	<ul style="list-style-type: none"> <li data-bbox="478 1171 1501 1252">● To allow any Mainland-incorporated banking institution established by a Macao bank to engage in the sale and distribution of mutual funds.
Securities	<ul style="list-style-type: none"> <li data-bbox="478 1267 1501 1393">● To continue to support qualified Mainland financial institutions engaged in securities activities to set up subsidiaries in Macao and to operate business in accordance with law. <li data-bbox="478 1411 1501 1581">● To deepen the cooperation between the Mainland and Macao in financial services and products development, and to allow investments in the Mainland securities market by means of the RMB Qualified Foreign Institutional Investor scheme.
Hospital	<ul style="list-style-type: none"> <li data-bbox="478 1603 1501 1778">● In addition to Shanghai Municipality, Chongqing Municipality, Guangdong Province, Fujian Province and Hainan Province, Macao service suppliers are allowed to set up wholly-owned hospitals in all municipalities directly under the Central Government and provincial capitals in the Mainland.
Tourism	<ul style="list-style-type: none"> <li data-bbox="478 1798 1501 1973">● To optimize the current “144-hour facilitation visa policy” in Guangdong Province through relaxing the requirement to pre-register the outbound control point, and reviewing the requirement regarding tour size at an appropriate juncture.
Library, archive, museum	<ul style="list-style-type: none"> <li data-bbox="478 1993 1501 2022">● To further develop closer cooperation between the library sectors in the

Service Sectors	Main Content of Liberalization in the Supplement VIII to CEPA
and other cultural services	<p>Mainland and Macao, and to explore potential cooperation in the provision of library services.</p> <ul style="list-style-type: none"> ● To allow Macao service suppliers to set up wholly-owned enterprises in the Mainland to provide professional services for libraries. ● To allow Macao service suppliers to set up wholly-owned enterprises in the Mainland to provide professional museum services.
Road transport	<ul style="list-style-type: none"> ● To introduce examination papers in traditional Chinese characters for Macao drivers participating in the Mainland driving licence examinations and to designate an examination venue in Zhuhai for Macao drivers to facilitate access.
Professional and technical personnel qualification examination	<ul style="list-style-type: none"> ● To allow eligible Macao permanent residents to take the qualification examination for land surveyor in the Mainland, and a certificate will be issued to those who pass the examination.
Individually owned stores	<ul style="list-style-type: none"> ● To allow Macao permanent residents with Chinese citizenship to set up, in accordance with the relevant Mainland laws, regulations and administrative regulations, individually owned stores in all provinces, autonomous regions, municipalities directly under the Central Government in the Mainland, without being subject to the approval procedures applicable to foreign investments, excluding franchising operation. The scope of business includes: <ul style="list-style-type: none"> (1) The following items of Packaging Services under Leasing and Commercial Services: services of commodities classification, sub-packing and packaging, freshness preservation, labeling, mark-stamping, etc. provided for shopping malls, supermarkets or other customers; services of goods assorting, sub-packing and packaging services specially provided for chain stores or supermarkets; the services of delivery companies (centers) which mainly provide goods assorting, sub-packing and packaging services; services of sub-packing and packaging as well as re-packaging provided for general products; gift wrapping services. (2) The following items of Office services under Leasing and Commercial Services: the design and production services of signs and bronze plaques; the design and production services of trophies, plaques, medals and silk banners. (3) Craft activities which are mainly for the purpose of leisure and

Service Sectors	Main Content of Liberalization in the Supplement VIII to CEPA
	<p>entertainment (pottery, sewing, painting, etc.) under Indoor Entertainments.</p> <ul style="list-style-type: none"> ● To relax the restrictions on the number of persons engaged in the operation and the business area of the individually owned stores set up by Macao permanent residents with Chinese citizenship in all provinces, autonomous regions, municipalities directly under the Central Government in the Mainland: <ul style="list-style-type: none"> (1) No more than 10 persons should be engaged in the operation of the individually owned store; (2) The business area for retailing services; food and beverage services; hair dressing, beauty treatment and health care services, bathing services and repair services of home electrical appliances and other goods for daily uses under residents services and other services; import and export of goods and technologies; photography and photographic processing services; washing, cleaning and dyeing services; repair and maintenance of motor vehicles and motorcycles; storage and warehousing should not exceed 500 square metres.
<p>Technical testing, analysis and product testing</p>	<ul style="list-style-type: none"> ● To expand, on the basis of Supplement VII to the CEPA, the scope of product testing that can be undertaken by testing organizations in Macao for the China Compulsory Certification (CCC) System to all existing products processed in Macao that require CCC. These testing organizations have to be accredited by the accreditation body of the Government of Macao Special Administrative Region to be capable of performing testing for the relevant products under the CCC System.

For details please visit the website of Macao Economic Services (www.economia.gov.mo) or the CEPA exclusive website (www.cepa.gov.mo).

2. Meeting between Guangdong and Macao to establish a standardisation taskforce was held in Macao

In order to implement the content of establishing a standardisation taskforce and promoting cooperation between Guangdong and Macao under the “Framework Agreement on Cooperation between Guangdong and Macao”, representatives of Macao Economic Services together with the Civic and Municipal Affairs Bureau, Macau Productivity and Technology Transfer Center and Administration of Quality and Technology Supervision of Guangdong Province held a preparatory meeting on the discussion of the issue at Macao

Economic Services on 30 November 2011.

The meeting was hosted by Director of Macao Economic Services, Mr. Sou Tim Peng, and Deputy-Director General of Administration of Quality and Technology Supervision of Guangdong Province, Mr. Zhang Yan Fei and officials of the two places in charge of the related fields were also present. During the meeting, the direction for cooperation between the two sides in tasks related to standardization was discussed, the plan to establish a standardisation taskforce, content of tasks related to standardization and the communication mechanism were also clarified. The two sides also explored on issues such as the cooperation in testing of special equipment, consultation and training of product technical standards, product supervision of the two places as well as trade and investment facilitation. Through the cooperation between the two sides in tasks related to standardization, the economic and trade relation between the two sides will be further strengthened, while the competitiveness and quality of industries and products will be enhanced.



The Guangdong and Macao standardisation taskforce took photo after the meeting

3. *The Small and Medium Enterprise Bureau of the Province of Guangdong led a delegation from 21 cities to visit Macao Economic Services to discuss about strengthening cooperation*



Directors and department heads of Macao Economic Services and delegation of the Small and Medium Enterprise Bureau of the Province of Guangdong took group photo

Macao Economic Services and the Small and Medium Enterprise Bureau of the Province of Guangdong held the “Seminar on promotion of exchange and cooperation among the small and medium-sized enterprises (SMEs) in Guangdong and Macao” in Macao. The seminar explored on the implementation of issues related to facilitation of cooperation among the small and medium-sized enterprises in Guangdong

and Macao.

Director of the Small and Medium Enterprise Bureau of the Province of Guangdong, Mr. Zhang Wen Xian, led a delegation of 29 officials, of which 20 were directors of the city-level SME bureaus in Guangdong, to visit Macao Economic Services on 8 November 2011. During the seminar, the two sides introduced the development and policies for the SMEs in its own place, and explored on the facilitation of cooperation among the SMEs of the two places. Both sides agreed that with the role of Macao as the economic and trade

platform between China and the Portuguese speaking countries, together with the opportunities to develop the convention and exhibition industry of the two places, the SMEs could be facilitated to participate reciprocally in the major exhibition activities held in the two places and jointly expand the market of the Portuguese speaking countries. The two sides stated in the seminar that based on the spirit of the “Framework Agreement on Cooperation between Guangdong and Macao”, they would jointly promote the exchange and cooperation among the SMEs and create favourable conditions for the development of the SMEs of the two places.

4. *Delegation of Administrative Committee of Hengqin New Area visited Macao Economic Services to explore the promotion of cooperation of the service industry between the two places*

On 31 October 2011, Mr. Yan Wu, Director of Industrial Development Bureau, Administrative Committee of Hengqin New Area, Zhuhai led a delegation consisting of 12 officials to visit Macao Economic Services. The delegation exchanged with the Deputy Director of Macao Economic Services, Ms. Chan Tze Wai the future development of Hengqin. The following topics, such as implementation status of the “Framework Agreement on Cooperation between Guangdong and Macao” by Macao; the influence and significance on promotion of Macao brought about by the supporting policies conferred by the State Council to Hengqin New Area were addressed. In addition, how to promote the cooperation of the service industries such as tourism, convention and exhibition, cultural and creative industry between the two places were also discussed.



Guests coming from Hengqin New Area took photo with the Deputy Director and representatives of Macao Economic Services.

5. *Guangzhou Municipal Government held “New Guangzhou New Business Opportunities Promotion Conference in Macau”*

Organized by CPC Guangzhou Committee and Guangzhou Municipal Government, co-sponsored by Macao Chamber of Commerce and Industrial Association of Macau, “New Guangzhou New Business Opportunities Promotion Conference in Macau” was held at the Macau Tower Convention and Exhibition Centre on 1 November 2011. Secretary of CPC Guangzhou Municipal Committee, Mr. Zhang Guang Ning, led a delegation to Macao to promote investment. About 300 people from the political and business communities of the two places participated. In the conference, officials from Guangzhou introduced to the audience the knowledge-based economy core area of Guangzhou (including the development status of Guangzhou Science City, Sino-Singapore Guangzhou Knowledge City and Bio Island), as well as the development opportunities of Nansha New Zone, Tianhe Central Business District and Tianhe Smart Town.

Among all, Nansha Development Zone hoped to cooperate and to develop with the Macao SAR Government and the industries under the new trend. Firstly, to promote cooperation on key areas such as urbanization planning and construction management, specialized services, innovation and innovative design, education and training, leisure tourism and health services, transport and logistics, culture, creativeness and video production, farming in green cities. Secondly, to jointly facilitate the construction of the 60 square kilometers of starting area of the integrated model district for Nansha to implement the pilot measures under CEPA.

6. *“The 6th Pan-Pearl River Delta Regional Intellectual Property Cooperation Forum and the 8th Pan-Pearl River Delta Regional Intellectual Property Cooperation Joint Conference” was held in Nanchang*

Organized by Jiangxi Provincial Intellectual Property Office, “the 6th Pan-Pearl River Delta Regional Intellectual Property Cooperation Forum and the 8th Pan-Pearl River Delta Regional Intellectual Property Cooperation Joint Conference” was held in Nanchang, Jiangxi on 6 December 2011. A delegation of the Macao SAR consisting representatives of Macao Economic Services and Macao Customs Service participated in the above mentioned forum and joint conference.

In the joint conference, Acting Head of the Intellectual Property Department of Macao Economic Services, Ms. Cheang Hio Man, represented the Macao SAR to conclude the implementation status of the major committed project —“Exchange among intellectual property officials of Pan-Pearl River Delta”, and made suggestions for the intellectual property cooperation projects which should be started in the following year. Macao SAR will continue to actively participate in and cope with the launching of the cooperation projects confirmed in the Pan-Pearl River Delta Regional Intellectual Property Cooperation Joint Conference, as well as the exchange activities organized by the members of the Pan-Pearl River Delta Region, creating favourable conditions to jointly enhance the level of management and protection of intellectual property rights.

7. *Seminar on “CEPA as a Strategic Business Tool for European Companies” was held in Macao*

Organized by Macao Trade and Investment Promotion Institute, Institute of European Studies of Macau and the European Chamber of Commerce in Hong Kong, Seminar on “CEPA as a Strategic Business Tool for European Companies” was held in Macao on 17 November 2011, with more than 50 representatives from the business community of Macao and chambers of commerce of European Union participated. The seminar

aimed to introduce the business opportunities of cooperation of European Union – Macao – Mainland enterprises under the framework of CEPA, further encourage the European companies in Macao to expand their business to the Mainland market by utilizing CEPA and the advantage of Macao as the platform. The seminar invited representatives from Macao Economic Services and DSL Lawyers as the guest speakers, who respectively delivered topics on the implementation status of CEPA in Macao and the latest news, strategies on business development in the Mainland by incorporating CEPA. The guest speakers also exchanged and discussed with the participants in the seminar.

8. *The first specialist clinic with specialists from Hong Kong and Macao in the Mainland was established in Zhuhai*

“Specialist Clinic with specialists from Hong Kong and Macao” was established in the Second People’s Hospital of Zhuhai on 15 October 2011 and started to see patients. Three renowned specialists from Macao will regularly see patients on Saturdays and Sundays. This is the first specialist clinic established by Hong Kong and Macao specialists in the Mainland under the liberalized medical service area of CEPA. This marked the normalization of the cooperation of Zhuhai and Macao in the medical area. The three specialists from Macao were approved by Zhuhai Health Bureau and have obtained the qualification to provide service in the Second People’s Hospital of Zhuhai.