

# China-Macao Closer Economic Partnership Arrangement Supplement VIII

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## 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<sup>①</sup> 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:

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<sup>①</sup> 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 12<sup>th</sup> 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

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## Courtesy Translation

### Annex

#### Supplements and Amendments VIII to the Mainland's Specific Commitments on Liberalization of Trade in Services for Macao<sup>①</sup>

Sectors or sub-sectors	1. Business services
	A. Professional services
	a. Legal services (CPC861)
Specific commitments	<p>1. 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.</p> <p>2. 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.</p>

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<sup>①</sup> Sectoral classification is based on WTO's GATS Services Sectoral Classification List (GNS/W/120). For the contents of the sectors, reference is made to the relevant CPC, United Nations Provisional Central Product Classification.

Sectors or sub-sectors	1. Business services
	C. Research and Development Services
	c. Interdisciplinary research and experimental development services (CPC853)
Specific commitments	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.

Sectors or sub-sectors	1. Business services
	F. Other business services
	i. Services incidental to manufacturing (CPC884 excluding 88442, CPC885)
Specific commitments	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.

Sectors or sub-sectors	1. Business services
	F. Other business services
	k. Placement and supply services of personnel (CPC872)
Specific commitments	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.

Sectors or sub-sectors	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
Specific commitments	<p>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.</p>

Sectors or sub-sectors	7. Financial services
	A. All insurance and insurance-related services
	<ul style="list-style-type: none"> <li>a. Life, accident and health insurance services (CPC8121)</li> <li>b. Non-life insurance services (CPC8129)</li> <li>c. Reinsurance and retrocession (CPC81299)</li> <li>d. Services auxiliary to insurance (including broking and agency services) (CPC8140)</li> </ul>
Specific commitments	<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> <ul style="list-style-type: none"> <li>(1) The applicant should have been operating insurance brokerage businesses in Macao for more than 10 years;</li> <li>(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> <li>(3) Within three years before application, there has been no serious misconduct and record of disciplinary action; and</li> <li>(4) The applicant should have set up a representative office in the Mainland for over 1 year.</li> </ul>

Sectors or sub-sectors	7. Financial services
	<p data-bbox="600 327 1425 405">B. Banking and other financial services (excluding insurance and securities)</p> <ul style="list-style-type: none"> <li data-bbox="620 488 1425 566">a. Acceptance of deposits and other repayable funds from the public</li> <li data-bbox="620 600 1425 678">b. Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions</li> <li data-bbox="620 712 895 745">c. Financial leasing</li> <li data-bbox="620 779 1425 902">d. All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts (including import and export settlement)</li> <li data-bbox="620 936 1043 969">e. Guarantees and commitments</li> <li data-bbox="620 1003 1425 1081">f. Trading in foreign exchange for own account or for account of customers</li> </ul>
Specific commitments	<p data-bbox="552 1126 1425 1249">To allow any Mainland-incorporated banking institution established by a Macao bank to engage in the sale and distribution of mutual funds.</p>

Sectors or sub-sectors	7. Financial services
	B. Banking and other financial services
	Securities Futures
Specific commitments	<p>1. 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.</p> <p>2. 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.</p>

Sectors or sub-sectors	8. Health related services and social services
	A. Hospital services
	Hospital services (CPC9311)
Specific commitments	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. <sup>②</sup>

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<sup>②</sup> Subject to the Mainland's requirements on setting up of wholly-owned hospitals by foreign investment.

Sectors or sub-sectors	<p>9. Tourism and travel related services</p> <p>A. Hotels (including apartment buildings) and restaurants (CPC641-643)</p> <p>B. Travel agency and tour operator services (CPC7471)</p> <p>C. Tourist guide services (CPC7472)</p> <p>Others</p>
Specific commitments	<p>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.</p>

Sectors or sub-sectors	10. Recreational, cultural and sporting services  C. Library, archive, museum and other cultural services (CPC963)
Specific commitments	<ol style="list-style-type: none"> <li>1. To further develop closer cooperation between the library sectors in the Mainland and Macao, and to explore potential cooperation in the provision of library services.</li>   <li>2. To allow Macao service suppliers to provide professional services on a wholly-owned basis for libraries in the Mainland.</li>   <li>3. To allow Macao service suppliers to provide professional services on a wholly-owned basis for museums in the Mainland.</li> </ol>

Sectors or sub-sectors	11. Transport services
	F. Road transport services
	<ul style="list-style-type: none"> <li>a. Road passenger transportation (CPC7121, 7122)</li> <li>b. Freight transportation by road in trucks or cars (CPC7123)</li> <li>c. Rental services of commercial freight vehicles with operator (CPC7124)</li> <li>d. Maintenance and repair services of motor vehicles (CPC6112, CPC8867)</li> <li>e. Supporting services for road transport (CPC744)</li> </ul>
Specific commitments	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.

Sectors or sub-sectors	Service sectors (sectors not set out in GNS/W/120)
	Professional and technical personnel qualification examination
Specific commitments	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.

Sectors or sub-sectors	Service sectors (sectors not set out in GNS/W/120)
	Individually owned stores
Specific commitments	<p>1. 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:</p> <p>(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.</p> <p>(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.</p> <p>(3) Craft activities which are mainly for the purpose of leisure and entertainment (pottery, sewing, painting, etc.) under Indoor Entertainments.</p>

	<p>2. 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:</p> <p>(1) No more than 10 persons should be engaged in the operation of the individually owned store;</p> <p>(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>
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**Annex**

**Supplements and Amendments VIII to the Mainland's Specific Commitments on  
Liberalization of Trade in Services for Macao**

**(Additional Content)**

Sectors or sub-sectors	1. Business services
	F. Other business services
	e. Technical testing and analysis services (CPC8676) Product testing services (CPC7490)
Specific commitments	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.