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**Trade Policy Review Body
15 and 17 December 2020**

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TRADE POLICY REVIEW

MACAO, CHINA

MINUTES OF THE MEETING

Addendum

Chairperson: H.E. Mr. Harald Aspelund (Iceland)

This document contains the advance written questions and additional questions by WTO Members, and replies provided by Macao, China.¹

**Organe d'examen des politiques commerciales
15 et 17 décembre 2020**

EXAMEN DES POLITIQUES COMMERCIALES

MACAO, CHINE

COMPTE RENDU DE LA REUNION

Addendum

Président: S.E. M. Harald Aspelund (Islande)

Le présent document contient les questions écrites communiquées à l'avance par les Membres de l'OMC, leurs questions additionnelles, et les réponses fournies par Macao, Chine.¹

**Órgano de Examen de las Políticas Comerciales
15 y 17 de diciembre de 2020**

EXAMEN DE LAS POLÍTICAS COMERCIALES

MACAO, CHINA

ACTA DE LA REUNIÓN

Addendum

Presidente: Excmo. Sr. Harald Aspelund (Islandia)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito y las preguntas adicionales de los Miembros de la OMC, así como las respuestas facilitadas por Macao, China.¹

¹ In English and Spanish only./En anglais et espagnol seulement./En inglés y español solamente.

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CANADA**REPORT BY THE SECRETARIAT - WT/TPR/S/402****3. TRADE POLICIES AND PRACTICES BY MEASURE****Page 50, Table 3.2**

Table 3.2 notes that the import of "arms and ammunitions" as well as "accessories and parts thereof" require an import license from the Public Security Police Force.

Question

1. Could Macao, China please provide details of its import licensing requirements for these types of goods and/or links to the relevant laws and regulations?

Reply

On the application for the import of arms and ammunitions as well as accessories and parts thereof, an import permit and an import license issued by the Public Security Police Force are required in accordance with law; an applicant is required to hold a License of Commercial Establishment for Arms and Ammunitions Trade as well as fill in application forms and provide the relevant information regarding the import items in accordance with law for vetting.

Legal basis for import/export requirements:

1. Articles 8 and 11 of the Arms and Ammunitions Regulation approved by Decree-Law No. 77/99/M of 8 November, as amended by Administrative Regulation No. 27/2018;
2. Chief Executive's Decision No. 487/2016;
3. Paragraphs 4 and 5 of Article 9 of Law No. 7/2003 (Foreign Trade Law), as amended by Law No. 3/2016;
4. Article 7 of Administrative Regulation No. 28/2003 (Regulation on Foreign Trade Operations), as amended by Administrative Regulation No. 19/2016.

Page 54, Table 3.4

Table 3.4 notes that the export of "arms and ammunition; parts and accessories thereof" requires a license from the Public Security Police Force.

Question

2. Could Macao, China please provide details of its export licensing requirements for these types of goods and/or links to the relevant laws and regulations?

Reply

On the application for the export of arms and ammunitions as well as accessories and parts thereof, an export permit and an export license issued by the Public Security Police Force are required in accordance with law; an applicant is required to hold a License of Commercial Establishment for Arms and Ammunitions Trade as well as fill in application forms and provide the relevant information regarding the export items in accordance with law for vetting.

Legal basis for import/export requirements:

1. Articles 8 and 11 of the Arms and Ammunitions Regulation approved by Decree-Law No. 77/99/M of 8 November, as amended by Administrative Regulation No. 27/2018;

2. Chief Executive's Decision No. 487/2016;
3. Paragraphs 4 and 5 of Article 9 of Law No. 7/2003 (Foreign Trade Law) as amended by Law No. 3/2016;
4. Article 7 of Administrative Regulation No. 28/2003 (Regulation on Foreign Trade Operations), as amended by Administrative Regulation No. 19/2016.

Page 68, Paragraph 3.86

During the review period, Macao, China made 14 notifications to the SPS Committee, most of which related to food standards.

Question

3. Does Macao, China have any planned sanitary and phytosanitary regulatory initiatives that will impact Canadian exports of agriculture, forestry, or aquatic products?

Reply

Sanitary and phytosanitary regulations and measures in Macao, China are designed to safeguard public health and ensure food safety. In general, all measures are implemented taking into account international standards, recommendations, guidelines, and reference other regulations from relevant countries and are applied where and when appropriate.

Page 70, Paragraph 3.95

The report notes that "A survey of judicial practice of Macao, China's courts in enforcing competition provisions under the Commercial Code found that this practice is scarce, and is mostly limited to acts of unfair competition, such as imitation of trademarks."

Question

4. Does Macao, China have plans to improve the judicial enforcement of competition provisions?

Reply

The Commercial Code and certain sector-specific regulations together provide a legal framework to protect competition in Macao, China. While the society in general is aware of this framework, Macao, China will continue to step up the promotional efforts to further enhance the society's understanding of the framework.

Question

5. What additional measures will be put in place to ensure fair competition in the Macao, China economy?

Reply

Concerning that unfair commercial practice may harm the economic interests of consumers, Macao, China has set up inter-departmental task forces and conducted price surveys to monitor the pricing of certain necessity products, such as food and petroleum, across retailers and make available such information to the public on a regular basis, so as to ensure the fair pricing of and enhance the price transparency of those products.

Page 73, Paragraph 3.109

The report notes that "The requirement of prior consultation may be waived altogether in the circumstances specified by the Law, for example, in cases involving internal or external public security."

Question

6. Could more details be provided with regard to the circumstances under which prior consultation may be waived?

Reply

In accordance with Decree-Law No. 122/84/M (purchases of goods and services), consultation can be waived in cases of, for example, the supplier has statutory exclusive rights or the procurement is a supplement to an existing contract, or due to specific characteristics of goods and services which make the supplier becomes irreplaceable, to name a few.

Page 74, Paragraph 3.114

The report notes that "In 2019, only 3% of the DSF procurement contracts were awarded to foreign suppliers. This represented 13.1% of the value of goods and services centrally procured by the DSF, a decline from 19.4% in 2013 (Table 3.20). According to the authorities, these figures may under-represent the share of foreign suppliers in government procurement, as foreign companies registered with the DSF are considered as local companies (regardless of whether they are locally incorporated), and the country of origin is not recorded."

Question

7. What are the primary reasons for the decrease in procurement contracts awarded to foreign suppliers between 2013 and 2019?

Reply

The participation of foreign suppliers in Macao, China's government procurement might not be fully reflected by data, since they can participate in the procurement by means of establishing a business in Macao, China. For taxation purposes, these established businesses need to register at the Financial Services Bureau. After registration, these companies are regarded as local companies and are allowed to submit tenders freely in government procurement tenders. These foreign suppliers provide services in Macao, China through a commercial presence which is established locally but may remain under foreign ownership or control.

Page 78, Footnote 110

The report notes that "the Cooperation Agreement, between Macao, China's Economic Service Bureau and China's State Intellectual Property Office (SIPO), appointed the SIPO (now the CNIPA) as the substantive examination entity for patents submitted to the Macao, China intellectual property office. This Agreement was initially valid for five years and has been renewed three time since then; the most recent renewal was in 2018 for another five years."

Question

8. In the event of a patent dispute or questions surrounding the administration of a patent, would an IP rights holder bring the issue before CNIPA or Macao, China's Economic Service Bureau?

Reply

When a patent application is still pending, the opposition should be filed at the Macao Economic Bureau. Once a patent is granted, if there is any dispute or question surrounding the administration of the patent, the patent holder should appeal before the Court of First Instance of Macao, China. The applicants of patent or patent holders cannot bring the issues before the CNIPA.

Page 82, Paragraph 3.160

In terms of IP enforcement, the report states "misappropriation of a copyrighted work is punishable by imprisonment of up to two years or a fine of up to 240 days (of personal income) if the work is published, or of up to three years or a fine of up to 360 days if it is unpublished." [emphasis added]

Question

9. Can Macao, China provide information on how it came to structure fines for copyright misappropriation around personal income?

Reply

According to CHAPTER III of Decree-Law No. 43/99/M, as revised by Law No. 5/2012, copyright misappropriation is a criminal offence subject to imprisonment or fines. The calculation of the amount of fines is prescribed in the second paragraph of Article 45 of the Penal Code, approved by Decree-Law No. 58/95/M, as follows:

"The amount of a day-fine is between MOP 50 and MOP 10,000, which is determined by the Court taking into account of the financial situation and personal burden of the convict."

Question

10. Does the personal income metric only apply in instances of copyright enforcement, or is it used for industrial properties as well?

Reply

According to the second paragraph of Article 45 of the Penal Code, as approved by Decree-Law No. 58/95/M, "The amount of a day-fine is between MOP 50 and MOP 10,000, which is determined by the Court taking into account the financial situation and personal burden of the convict." The above calculation of fines is also applicable to criminal offences prescribed under the Industrial Property Code, approved by Decree-Law No. 97/99/M, and the Regime of Copyright and Related Rights, approved by Decree-Law No. 43/99/M and revised by Law No. 5/2012.

4. TRADE POLICIES BY SECTOR

Page 87, Paragraph 4.13

The report notes that the Office for the Development of the Energy Sector (GDSE) has a stated goal that at least 40% of the imported electricity from China must stem from clean sources.

Question

11. Does Macao, China have an anticipated time-frame in which it hopes to achieve this goal?

Reply

Presently, the portion of electric energy imported from the Mainland of China that is generated from clean sources has surpassed 40%.

Page 88, Paragraph 4.17

The report notes that "the liquid fuel sector is a mainly unregulated market in Macau, China", and that "the Government only maintains regulation over issues such as safety and consumer protection". Furthermore, "no concessionary companies enjoy exclusive rights of importing and distributing oil and gas".

Question

12. Does Macao, China have any plans to assess competition in the liquid fuel sector and the operating environment for the fuel companies to ensure that these markets are performing efficiently, thereby providing consumers with liquid products that are competitively priced?

Reply

On the front of ensuring competition in the liquid fuel sector, the numbers of market players and fuel stations have increased over the past few years. Meanwhile, the MSAR Government strives to improve transparency by regularly publicizing prices of petroleum products, namely, motor gasoline, liquefied petroleum gas, unleaded gasoline and low sulfur diesel on the government website to allow consumers to have a full picture of the prices of petroleum products rendered by different suppliers. In addition, Macao, China has set up an inter-departmental task force to ensure that petroleum product prices in Macao, China are in line with the global trend. According to the price information collected, petroleum product prices in Macao, China have remained in line with global prices in recent years.

REPORT BY MACAO, CHINA - WT/TPR/G/402**4. TRADE AND INVESTMENT POLICIES****Page 8, Paragraph 4.11**

The report notes that "the import licensing regime for petroleum products has been implemented since February 2015."

Question

13. Has Macao, China assessed the impact of this licensing system on the prices of fuel and gas products for consumers?

Reply

With the implementation of the import licensing regime, liquid fuel companies are urged to provide information on import prices, which helps getting accurate information of the movements of local import prices. The data provided by the companies shows that the local price trend of liquid fuel products remained in line with the global price trend. To improve the transparency of prices of fuel and gas products, the government publishes statistics on import prices, retail prices and various discounts offered by each liquid fuel company on a regular basis to facilitate consumers to make choices.

Page 10, Paragraph 4.24

The report notes that "The MSAR Government is in the course of reforming the government procurement regime in order to ensure its compliance with international standards and cope with the development of the economy. With this objective, a specific task force was set up with the release of the Document for Consultation of the Public Procurement Law in November 2018 and a public consultation of 60 days initiated simultaneously. The revision covered several aspects, for instance, transparency, types of procurement procedures, thresholds and special requisites for the types of procedures to be selected, introduction of e-procurement and so on. The opinions collected during the consultation process have been circulated in June 2019 under the Consolidated Report of the Consultation on Government Procurement, and will serve as references for the MSAR Government in devising a new government procurement law."

Question

14. What are the next steps for the MSAR Government in devising a new procurement law? Is there a timeline in place?

Reply

Macao, China is formulating a new "Public Procurement Law" with the aim of refining the current government procurement legal regime with clearer and better regulated procurement procedures. Apart from the inclusion of principle regulations that fits the current social and economic development, it is also ensured that the procurement procedures provided in the new "Public Procurement Law" will comply with the international standards. Macao, China has set up a task force which has proposed several legislative recommendations. On this basis, a public consultation was conducted between November 2018 and January 2019, and an intra-governmental consultation was conducted in the first half of 2020 to gather opinions and suggestions from public authorities and organizations on their experiences of government procurement. The MSAR Government will take into account the opinions and suggestions of the general public and public authorities for drafting the "Public Procurement Law" in order to further refine its content, so that it will better meet the expectations of the society and the actual operational needs of public authorities. The bill is currently under redrafting and will proceed with the legislative procedures in 2021.

Page 11, Paragraph 4.30

In its report, Macao, China notes that the "roles of SMEs in terms of employment, innovation and contribution to moderate economic diversification are crucial to the sustainable development of the MSAR."

Question

15. How are SMEs (MSMEs) defined for the purposes of statistical and policy analysis?

Reply

Being a small economy, SMEs take up an important role in Macao, China's economy despite that they are relatively small in terms of capital, employment and business scale. For the purpose of policy formulation, enterprises that employ no more than 100 persons are categorized as SMEs in Macao, China.

Question

16. Please provide any readily available statistics on the role of SMEs in Macao, China's economy and participation in international trade: (i) total number of SMEs in Macao, China; (ii) percentage of businesses that are SMEs; (iii) employment profile of SMEs, e.g. percentage of total employment generated by SMEs; (iv) contribution of SMEs to gross domestic product; and (v) export and imports by SMEs, e.g. percentage of all exports and imports for SMEs, total number of SMEs that are exporting and importing.

Reply

As of the second quarter of 2020, there are 41,493 enterprises in Macao, China that come under the umbrella of SMEs, which represents 99.1% of businesses and makes a significant contribution to local employment. Although the contribution of SMEs to GDP is not measured, their contribution to the development and sustainability of the economy could be easily noticed from their presence in different business sectors as well as in international trade.

Question

17. Does Macao, China collect statistics on SME ownership by diverse groups (e.g., women, youth, etc.)? If so, please provide this information.

Reply

Despite the fact that the government does not register the personal details of the owners of enterprises in Macao, China for statistical purpose, the MSAR Government relentlessly supports entrepreneurship in the economy through the implementation of various aid scheme. Among them, the Young Entrepreneurs Aid Scheme is dedicated to assisting local youth with entrepreneurial

aspirations by providing them interest-free loan with a cap on MOP 300,000 and a repayment period up to eight years. Indeed, all the assistance schemes provided by the government do not differentiate applicants by gender. According to our record, about 43% of the approved cases under the Young Entrepreneurs Aid Scheme are women entrepreneurs, which best indicates that young women show certain enthusiasm in the context of entrepreneurship.

Question

18. Does Macao, China include provisions in its Regional Trade Agreements in support of SMEs in cross-border trade, e.g. cooperation, investment? If so, please provide an overview of these provisions.

Reply

The Mainland and Macao Closer Economic Partnership Arrangement (CEPA) covers Trade in Goods, Trade in Services and Economic and Technical Cooperation. CEPA opens up a huge market for products and services of Macao, China and greatly supports SMEs in cross-border trade with the Mainland of China.

Except for goods that are prohibited from being imported into the Mainland of China, all goods of Macao, China origin enjoy zero-tariff treatment when exported to the Mainland of China, thus significantly enhancing the competitiveness of Macao, China's SMEs. Besides, Macao, China's SMEs that have obtained Macao Service Supplier Certificates enjoy preferential treatment in entering the market of the Mainland of China in various service sectors. In addition, the Agreement on Economic and Technical Cooperation has a chapter dedicated to cooperation in SMEs, under which measures such as visits, exchanges and establishment of data and information interconnection will be adopted with a view to supporting the development and cooperation among SMEs of the two places.

Page 14, Paragraph 5.15

The Macao Special Administrative Region (MSAR) is developing its financial services market. To promote the development of financial leasing services, MSAR noted that two laws were approved by the Legislative Assembly that aim to simplify the requirements and encourage the setting up of financial leasing companies in the MSAR.

Question

19. Would MSAR please explain the rationale of promoting financial leasing companies given the small size of MSAR's economy?

Reply

The MSAR Government aims to develop financial services, such as financial leasing business, for expanding the contribution of the financial sector to the economy, as part of its economic diversification strategy.

Given the importance of SMEs in the MSAR, financial leasing would be able to provide them a financing alternative with easier access than bank financing.

Despite having a relatively small economic size, the MSAR has positioned itself as a commercial and trade cooperation service platform between China and Portuguese-speaking countries (PSCs) and will capitalize on this positioning in the context of the Guangdong-Hong Kong-Macao Greater Bay Area development and the "Belt and Road" Initiative. Some PSCs and "Belt and Road" countries may have relatively higher market demand potentials for Macao, China to develop its cross-border financial leasing businesses.

The MSAR has a number of institutional strengths in developing financial leasing, such as "One Country, Two Systems", market economy, free port, free flows of capital, regional economic cooperation agreements and frameworks as well as enriched Chinese and Portuguese culture. In addition, it has a set of laws supporting financial leasing businesses and some tax-related incentives.

Cross-border and domestic financial leasing businesses, together with their funding business, will be simultaneously targeted and developed. Given a larger demand potential outside the MSAR than that inside the MSAR, cross-border businesses will serve as a primary support to the financial leasing development.

CANADA - FOLLOW UP QUESTIONS

REPORT BY THE SECRETARIAT - WT/TPR/S/402

Page 82, Paragraph 3.160

In terms of IP enforcement, the report states "misappropriation of a copyrighted work is punishable by imprisonment of up to two years or a fine of up to 240 days (of personal income) if the work is published, or of up to three years or a fine of up to 360 days if it is unpublished."

Question

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Reply

According to CHAPTER III of Decree-Law No. 43/99/M, as revised by Law No. 5/2012, copyright misappropriation is a criminal offence subject to imprisonment or fines. The calculation of the amount of fines is prescribed in the second paragraph of Article 45 of the Penal Code, approved by Decree Law No. 58/95/M, as follows:

"The amount of a day-fine is between MOP 50 and MOP 10,000, which is determined by the Court taking into account of the financial situation and personal burden of the convict."

Canada - Follow up

Can Macao, China clarify how personal income would be determined with respect to corporate entities?

Reply

Article 10 of the Penal Code provides that "unless otherwise specified, only natural persons are liable to criminal liability". Therefore, a legal person who has committed copyright infringement is not liable to criminal liability.

According to Article 202 of the Regime of Copyright and Related Rights, approved by Decree-Law No. 43/99/M and amended by Law No. 5/2012, "with respect to the fines, indemnities and other payments to which offenders are condemned for infringements provided for in this Decree-Law, legal persons shall be jointly liable where offenders acted in their name and in the collective interest". The liability referred to in this provision is administrative or civil liability and does not include criminal liability.

Even so, in accordance with Article 203 of the Regime of Copyright and Related Rights, approved by Decree-Law No. 43/99/M and amended by Law No. 5/2012, a person who committed an offence in the name of a legal person or its collective interest may be imposed accessory penalties, including temporary closure of establishments, permanent closure of establishments or publication of the sentence. Accessory penalties may even be imposed concurrently.

Regarding the administrative liability of a legal person, in the violation of Article 215 of the Regime of Copyright and Related Rights, approved by Decree-Law No. 43/99/M and amended by Law No. 5/2012, a fine ranging from MOP 10,000 to MOP 500,000 will be imposed in accordance with the provision on the act.

CHINA

REPORT BY THE SECRETARIAT - WT/TPR/S/402

Page 44, Paragraph 3.4

"All imported products entering into Macao, China are subject to a document check for the verification of permits and declarations; physical checks (e.g. any samples for analysis) are carried out randomly by Customs officers at the checkpoints."

Question

1. Please brief us on the specific procedure and time limit for the document check and physical check of imported products.

Reply

Customs declaration procedures are as follows:

1. The business operator submits valid declaration documents to the customs station for customs declaration;
2. The customs officer checks the information provided in the declaration documents, consistency between the manifest and the quantity of the goods, the effective dates of the declaration documents, and whether the goods require any quarantine;
3. If the goods need to be quarantined, they will be quarantined by the Municipal Affairs Bureau before going through customs clearance procedures;
4. The customs station will conduct a sample inspection of the goods based on the risk assessment; if the customs officer finds that illegal goods or goods fail to meet the declared content during the inspection, the customs will initiate prosecution procedures;
5. When the submitted customs declaration documents are verified and the goods passed the inspection, the customs officer will sign the declaration document to complete the customs clearance procedures.

According to the current performance pledge of the Macao Customs Service, under normal circumstances, customs officers will complete the export/import/transit declaration procedures within four minutes. The amount of time required for cargo inspection cannot be provided since it varies depending on the quantities and types of the goods inspected.

REPORT BY MACAO, CHINA - WT/TPR/G/402

Page 3, Paragraph 2.3

"In respect of acceptance of new initiatives, Macao, China completed the ratification of the Agreement on Trade Facilitation (TFA) in 2016 with all facilitating measures therein duly implemented on 13 November 2019."

Question

2. Please elaborate the measures on trade facilitation that have been taken by Macao, China. Since the COVID-19 outbreak in January 2020, has Macao, China taken any measures on trade facilitation related to the response to the pandemic? If so, please specify.

Reply

Measures taken by Macao, China to promote trade facilitation since the last review mainly include: ratification of the World Trade Organization's Trade Facilitation Agreement (TFA), strengthening of

the IT-based customs clearance system, and simplification of the customs procedures for goods under the CEPA between the Mainland of China and Macao, China.

In the context of the TFA, Macao, China has implemented all of the provisions contained in Section I of the TFA, reflecting its high level of commitment to trade facilitation. In addition, Macao, China launched the e-Customs Services Web System and a mobile application in 2013 and 2016 respectively to provide online customs clearance and license application services, allowing users to complete customs procedures more quickly and conveniently. Macao, China is also continuously optimizing the Electronic Data Interchange (EDI) system so that the license applications and approvals, as well as lodging of declaration applications can be completed electronically.

It is noteworthy that during the period under review, Macao, China signed several agreements to promote trade facilitation, including the Cooperation Memorandum between the (China) General Administration of Customs and the Macao SAR Government on Origin of Transshipment Cargo in Macao SAR under Free Trade Agreements and the Agreement on Trade in Goods of the Closer Economic Partnership Arrangement (CEPA) between the Mainland of China and Macao, China. The Customs of the Mainland of China and of Macao, China also simplified the customs clearance procedures for goods covered by the Economic Cooperation Framework Agreement (ECFA). These agreements further facilitate the customs clearance of goods between Macao, China and the regions concerned.

As local manufacturers have progressively established production lines for personal protective equipment (PPE) such as alcohol-based hand sanitizers and surgical masks to cope with the huge local demand, the MSAR government has adopted measures to facilitate the importation of raw materials and equipment for the smooth production of PPE. In addition, special measures have been taken to prioritize the processing, inspection, and release of imported PPE to ensure their prompt entry into the local market.

Page 9, Paragraph 4.16

"The MSAR Government maintains no restrictions on the setting up of foreign companies with their presence easily found in different sectors of the economy, for instance, telecommunications, electricity, water supply, public transport, banking and insurance, building and constructions, gaming, hotels and retailing. Thus, foreign investment contributes to the economic development of Macao, China by bringing in not only capital but also state-of-the-art technology and management skills."

Question

3. Please brief us on the foreign investment attracted to Macao, China in recent years.

Reply

According to the Direct Investment Statistics released by the Macao Statistics and Census Service (DSEC), inward direct investment flows between 2017 and 2019 were mainly concentrated in the gaming sector, reaching USD 7.3 billion, and accounted for 75.6% of the total inward direct investment flows, followed by banks & other financial activities (USD 2.1 billion), insurance sector (USD 551 million) and wholesale & retail sector (USD 331 million).

SINGAPORE**REPORT BY THE SECRETARIAT - WT/TPR/S/402****2.3.3 Bilateral agreements****Page 39, Paragraph 2.29****Question**

1. We note that under the CEPA, a single window connectivity is being developed as well as the exchange of electronic cargo data. We would like to understand what is the current status of the Single Window Connectivity and whether it will only be applicable to trade with China? We would also like to seek clarity on the types of data that is classified as electronic cargo data and how this ties in with the Electronic Data Interchange (EDI) system?

Reply

Single Window connectivity is applicable to trade between the Mainland of China and Macao, China under CEPA. It is currently under exploration with the aim to facilitate customs declarations by converting and exchanging export and import data for the ease of rapid and efficient declaration process. Electronic cargo data exchange is currently being studied jointly by the Mainland of China and Macao, China for feasibility. Through electronic applications for declarations and licenses (including import, export and transit) and cargo manifest, traders and port operators can tie in their electronic cargo data with the Electronic Data Interchange (EDI) system.

3 TRADE POLICIES AND PRACTICES BY MEASURE**Page 44, Paragraph 3.1.1 & Page 46, Paragraph 3.9****Question**

2. We note that the Macao Government has continued to improve the Electronic Data Interchange (EDI) System. With the enhanced EDI, may we clarify that paperless clearance (no physical documents required during clearance) is for all forms of imports and exports?

Reply

Basically, paperless clearance services cover all forms of import and export, except for those under a transit declaration or license, and import of goods subject to the Kimberley Process Certification Scheme and CITES.

Page 45, Paragraph 3.9**Question**

3. We note that following the ratification of the WTO Trade Facilitation Agreement (TFA), Macao, China had undertaken the enhancement of an IT-based customs clearance system. Would Macao, China be able to share the enhancements that have been made to the clearance system?

Reply

E-Customs Service has been extended to more categories of goods over the years. In the third quarter of 2020, the utilization of e-Customs Service has sizeably reached 48% of our total external trade. Other value-added services, such as SPS inspection appointment, application for Kimberley Process Certificate and mobile application for e-Declaration have also been developed for traders in order to promote the utilization of e-Customs Service. In addition, the IT-based customs clearance system - "Easy Clearance" (for land cargo transport) was launched by the Macao Customs Service in November 2019. By binding license plate number with cargo manifest in advance, risk

assessment is able to be done automatically. Low-risk cargo will be released without intervention while high-risk cargo will be inspected by using non-intrusive scanning technology. By the end of 2020, "Easy Clearance" will be further extended to air cargo and sea cargo transport.

REPORT BY MACAO, CHINA - WT/TPR/G/402

4.3.1 Customs procedures

Page 8, Paragraph 4.3.1

Question

4. We wish to enquire which part of the requirements under the Agreement on Trade Facilitation of the WTO is not fulfilled through the Electronic Data Interchange (EDI)?

Reply

Macao, China has implemented Paragraph 4 of Article 10 (Single Window) of the Agreement on Trade Facilitation (TFA) of the WTO on 13 November 2019. Therefore, Macao, China has now implemented all of the provisions contained in Section I of the TFA. Furthermore, in order to accommodate the implementation of Single Window, we have also enhanced the EDI system accordingly to comply with the requirements of the agreement.

REPUBLIC OF KOREA**REPORT BY THE SECRETARIAT - WT/TPR/S/402****Page 41, Paragraph 2.46**

The ultimate goal is to transform the GBA into a dynamic economic hub and a world-class megapolis by 2035, building upon the respective comparative advantages of the parties involved. The GBA Development Plan, published in February 2019, sets out the development focus of each participating city, identifies clusters of industries with growth potential, and establishes complementary cooperation measures. In this context, the specific goals of Macao, China are: to consolidate its development as "One Centre, One Platform" (i.e. a global tourism and leisure centre, and a commercial and trade cooperation service platform between China and the PSCs); to establish an exchange and cooperation base where Chinese culture is mainstream, and other cultures coexist; and to foster economic diversification. Specifically, Macao, China will concentrate on building a tourism education base, fostering the development of traditional Chinese medicines; and constructing a platform for financial services, including a Renminbi clearing centre for PSCs.

Question

1. Regarding the GBA Development Plan, Macao, China takes the position that it will promote cooperation with other countries. However, foreign companies still have difficulties participating in construction or engineering projects for infrastructures that Macao, China has ordered publicly. Does Macao, China have any plan to further facilitate the participation from foreign companies?

Reply

All public constructions or works of the MSAR Government agencies must follow the current procurement law, including that on public tender. The procuring entities have to treat all bidders equally, local or foreign alike. For the construction or engineering projects of the infrastructures in Macao, China, they are opened to all qualified companies which have registered in Macao, China. The application procedures are simple and convenient. For those projects with high technological requirements, an overseas tendering could be considered.

REPORT BY MACAO, CHINA - WT/TPR/G/402**Page 7, Paragraph 4.2**

CEPA is a comprehensive free trade agreement that covers Trade in Goods, Trade in Services, Investment, as well as Economic and Technical Cooperation. Under CEPA, the Mainland of China agrees to apply zero tariffs to all goods originated from Macao, China upon fulfilment of the CEPA rules of origin starting from January 2006, except for goods that are prohibited from importation into the Mainland of China with the level of customs clearance facilitation being further enhanced. On Trade in Services, the Mainland of China has fully or partially opened up 153 sub-sectors to Macao, China, accounting for 95.6% of the service sub-sectors under the W/120 Services Classification of the WTO. On Investment, the two sides have committed to offering an internationally high level of investment protection in conformity with the principle of "One Country, Two Systems", with market access commitments expanded to non-service sectors. **On Economic and Technical Cooperation, the two sides agreed to strengthen cooperation in 14 key areas, such as tourism, convention and exhibition, traditional Chinese medicine (TCM), finance, innovation and technology, SMEs, intellectual property rights as well as promoting economic and trade cooperation** under the "Belt and Road" Initiative and other sub-regional cooperation programs.

Question

2. Regarding the Economic and Technical Cooperation under CEPA between Macao, China and the Mainland of China, participation from foreign companies has been remarkably low. What is Macao's view on this, and does Macao, China have any plan to further promote the participation from foreign companies?

Reply

According to the "Agreement on Economic and Technical Cooperation" under CEPA, Macao, China continues to promote foreign participation through holding different international conventions and exhibitions. For example, the International Infrastructure Investment and Construction Forum (IIICF) serves as a platform to explore business opportunities and cooperation with "Belt and Road" Initiative participating countries and Portuguese-speaking countries and has successfully attracted over 70 countries and regions to participate in 2019. The 8th Macao International Travel (Industry) Expo (MITE), which was held in November 2020, attracted 188 hosted buyers from the Mainland of China and 120 online international hosted buyers and professional buyers to participate. Other events like the Macao International Environmental Co-operation Forum and Exhibition (MIECF) and the Macao International Trade and Investment Fair (MIF) can also serve as a bridge for exchange and cooperation among industry delegates.

In the future, Macao, China will continue to hold these events, to serve as an international platform in exploring business opportunities and cooperation, as well as facilitating insightful exchanges among investors and entrepreneurs from Macao, China and other participating countries/regions in the rest of world.

EUROPEAN UNION**REPORT BY THE SECRETARIAT - WT/TPR/S/402****1.1 Main Features of the Economy****Page 13, Paragraph 1.13**

"The authorities are conscious of the economy's great dependence on a single industry. In this respect, the first Five-Year Development Plan (2016-20), issued in 2016, contains the main elements of its economic policy, and provides the roadmap toward economic diversification."

Question

1. With regard to Macao, China's Five-Year Development Plan (2016-2020) and economic diversification strategy, the EU would like to know if Macao, China is preparing the next five-year plan and if it would be able to share more information on the main orientations. In addition, would Macao, China be able to share the most recent statistics with regard to progress toward economic diversification?

Reply

With the Macao, China's First Five-Year Development Plan coming to an end in December 2020, the MSAR Government is collecting statistics on the implementation of the First Five-Year Development Plan and other aspects of the economy, thereon providing a scientific base for drawing up the Second Five-Year Development Plan.

With the MSAR Government's strenuous effort in nurturing the emerging industries to support the diversification of the economy, the emerging industries, herewith refer to as financial activities, MICE, cultural industries and Tradition Chinese Medicine have been growing in recent years.

Value-added of emerging industries at current producers' prices and percentage share in GDP (million MOP)

Economic activity	2015	2016	2017	2018
Financial activities	22,198 (6.23%)	24,407 (6.85%)	25,766 (6.48%)	28,896 (6.61%)
MICE sector	1,365 (0.38%)	1,981 (0.56%)	3,096 (0.78%)	3,522 (0.81%)
Cultural industries	2,063 (0.58%)	2,225 (0.62%)	2,367 (0.60%)	2,597 (0.59%)
Chinese medicine sector	256 (0.07%)	243 (0.07%)	330 (0.08%)	319 (0.07%)

Source: Analysis Report of Statistical Indicator System for Moderate Economic Diversification of Macao 2018, Statistics and Census Services, p. 151.

From the above table, it can be seen that the MICE sector has expanded by 158% from 2015 to 2018, and the average growth of financial activities reached 9.2%, which outpaced the growth of the gaming sector during the same period, which is 8.90%. Seeing the potential in these emerging industries, the MSAR Government will continue to support their growth through appropriate policies and cooperation with the neighbouring regions, especially the cooperation with Hengqin and the Greater Bay Area.

In addition, the Macao SAR Government has developed a set of multi-dimensional statistical indicators, which aims to provide a reference for the public to observe the progress of economic diversification in Macao, China from different perspectives, and to propose further discussions and suggestions on the strategy and direction of moderate economic diversification. These indicators are contained in the Analysis Report of Statistical Indicator System for Moderate Economic Diversification of Macao, China (Viewed at: <https://www.dsec.gov.mo/en-US/Home/Publication/SIED>) and the 2019 report is expected to be released soon.

1.2.2 Fiscal policy

Page 20, Paragraph 1.23

"The Policy Address for the Fiscal Year 2020, the authorities highlighted that the Government would implement a proactive fiscal policy and implement a series of relief measures in response to the COVID-19 pandemic. The package of fiscal and other measures introduced to partly offset the negative effects of COVID-19 on the economic activity amount to an estimated MOP 52.6 billion or 12.1% of (2019) GDP."

Question

2. The EU would like to know if the government of Macao, China intends to increase, maintain or scale down its support to the economy in the coming months?

Reply

In times of the COVID-19 pandemic this year, the MSAR Government provides a number of anti-pandemic measures, which include consumption subsidies to all eligible residents for local consumption, special subsidies for local employees, subsidies to enterprises as well as hawkers, taxi-drivers and so on. These measures seek to help the economy to maintain vitality during the economic downturn brought about by urgent public health issue.

To accelerate recovery of the local economy, the MSAR Government has proposed to increase investments in infrastructure. In addition, welfare and livelihood expenditures would not be affected by the Government's austerity measures, and the MSAR Government shall maintain the standing benefit measures that provide tax relief and subsidies to various sectors of the economy, for instance, the Wealth Partaking Scheme, healthcare vouchers, subsidies on electricity and water supply, subsidies to the less-privileged groups, hoping to secure the wellbeing of our residents through both good and bad times.

In the meantime, the MSAR Government will continue to watch closely the pandemic and economic situation in order to cautiously assess the needs for implementing further anti-epidemic measures in the future.

Question

3. More broadly, the EU would like to know whether Macao, China could provide more information on the main orientation of its fiscal policy in the next fiscal year in a context of economic downturn and deteriorating fiscal position. Also, is Macao, China in a position to share updated figures with regard to: (i) public deficit in this fiscal year; (ii) expected fiscal position for the upcoming fiscal year; and (iii) current and forecasted amount of the fiscal reserves?

Reply

The overall direction of the MSAR Government policy for 2021 would mainly cover: epidemic prevention and control; revitalising the economy; caring for people's livelihoods; promoting economic diversification; facilitating administrative reform and pursuing innovative development.

To accelerate recovery of the local economy, the MSAR Government has proposed to increase investments in infrastructure, including implementing the construction of transport infrastructure such as the Light Rapid Transit (LRT) East Line, the LRT Hengqin Port Connection, and the fourth Macao-Taipa cross-harbour route.

A number of welfare measures will also be continued in 2021. They include: the Wealth Partaking Scheme; personal income tax waiver and deduction initiatives; a property tax waiver; water and electricity tariff subsidies for residential and eligible non-residential users; a healthcare voucher scheme; and subsidies for disadvantaged families.

As at the end of September 2020, total budget revenue is MOP 115.5 billion, which has already included capital injection from Fiscal Reserves with the amount of MOP 42.6 billion, while total

budget expenditure is MOP 114.6 billion. As a result budget balance is MOP 828.9 million. Regarding the proposed budget of 2021, injection from Fiscal Reserves will be expected in order meet the total expenditure of the MSAR Government.

As far as Fiscal Reserve is concerned, as at the end of September 2020, the Fiscal Reserve amounted to MOP 604.8 billion, of which the Basic Reserve stood at MOP 164.5 billion and the Excess Reserve reached MOP 440.3 billion. The Fiscal Reserve assets have been allocated to bonds, equity-related investments and money-market instruments across the globe. The increased volatilities in global financial markets make the forecast of the return on the Fiscal Reserve extremely difficult. In the first nine month of 2020, the Fiscal Reserve recorded an annualized return of 3.6%.

1.3.1.1 Merchandise trade

Page 27, Paragraph 1.36

"Imports of manufactures accounted for the largest share of merchandise imports during the review period. The composition of imports is relatively diversified: in 2019, the largest components were machinery and electrical machines, with 14.1% of the total, compared with 19.4% in 2012, followed by chemicals (13.7% in 2019); prepared food, beverages and tobacco (10.5%); and precious stones and metals (9.8%) (Chart 1.3 and Table A1.1)."

Question

4. The EU would like to know whether Macao, China could disclose the type of trade and/or sub-categories of trade under in the following imports categories: machinery and electrical machines; chemicals; and prepared food, beverages and tobacco imports. In addition, can Macao, China explain the purpose of these trades (what share is re-exported, what share goes to the local market etc.)?

Reply

In general, the import of machinery and electrical machines are mainly for the purpose of tourism-related construction, chemicals are mainly for manufacturing use, and prepared food, beverage and tobacco imports are mostly for local consumption. Only a small portion of the abovementioned imported goods are for re-exports, which are mainly related to luxury goods.

Page 27, Paragraph 1.38

"The main markets for merchandise exports continue to be Hong Kong, China; and China (Chart 1.4, Table A1.4). The share of exports going to Hong Kong, China rose sharply during the review period, consolidating its position as the top destination for Macao, China's merchandise exports; this share reached 60.0% of the total in 2019, up from 39.7% in 2012."

Question

5. The EU would like to know whether Macao, China can confirm that the exports to Hong Kong, China largely consist of re-exports and provide details on the origins and (if available) final destinations of these exports?

Reply

In 2019, re-exports accounted for 87.1% of Macao, China's total exports to Hong Kong, China, and as the table below shows, the top three origins of merchandise re-exports to Hong Kong, China were the Mainland of China, Switzerland and Italy. The final destination of re-exported goods, however, shall be subject to importers in the importing country or region, which is beyond the scope of the trade information available in Macao, China.

Ranking	Countries/territories of origin	Share (%)
	Total re-exports to Hong Kong, China	100.0
1	The Mainland of China	36.4
2	Switzerland	17.1
3	Italy	13.5
4	France	9.2
5	Republic of Korea	6.2
6	United Kingdom	5.6
7	United States	3.8
8	Hong Kong, China	1.8
9	Netherlands	1.2
	Others	5.2

Source of data: External merchandise trade statistics.

1.3.1.2 Trade in services

Page 28, Paragraph 1.40

"As noted above, Macao, China runs a very large services balance surplus, which in 2019 totalled USD 38.5 billion, and was equivalent to 71.4% of GDP. Services exports reached USD 43.2 billion in 2019, and accounted for 96.0% of Macao, China's total exports of goods and services. Travel exports, which includes gaming exports and tourism, reached USD 39.7 billion, and accounted for 92% of total exports of services (Table 1.8). This amount is some 10.3% higher than the value of exports in 2012 but is well below the USD 43.1 billion peak recorded in 2013. In 2015 and 2016, travel exports suffered a sharp decline, linked with lower gaming revenues; revenue started increasing again in 2017 and, particularly, 2018, but declined somewhat in 2019. Exports of financial services reached USD 1,445 million in 2019, almost triple their 2012 level. Transportation is the third-largest services export sector with USD 660 million in 2019."

Question

6. In light of Macao, China's economic strategy of developing itself into a financial hub, the EU would like to know whether Macao China could provide more information on the type, nature and destination of the exports of financial services. For instance, what are the links with gaming or with trading of goods (trade financing)?

Reply

Exports of financial services can be further broken down into "explicitly charged and other financial services" and "financial intermediation indirectly measured" (FISIM). In 2019, most of exports of financial services are related to the banking sector, comprising mainly the exports of financial services related to external loans and deposits. The main destinations of exports of financial services were the Mainland of China and Hong Kong, China.

2.3.3 Bilateral agreements

Page 38, Paragraph 2.25

"Since the last Review, Macao, China has been engaged in the continuous updating and implementation of the Closer Economic Partnership Arrangement (CEPA) with Mainland China. In addition, it concluded a free trade agreement with Hong Kong, China (Section 2.3.3.2)."

Question

7. The EU would like to know whether Macao, China can identify priority areas and/or countries for future bilateral agreement negotiations and if there are currently agreements under negotiation.

Reply

As an integral part of the economic diversifying strategy, the MSAR Government has been striving to deepening regional and international cooperation, increasing ties with Portuguese-speaking countries, and actively participating in the development of the "Belt and Road" initiative and the Guangdong-Hong Kong-Macao Greater Bay Area. At the same time, Macao, China is open to establishing more regional partnerships and welcomes all parties to participate in its regional cooperation plans under the principles of economic complementarity and mutual benefit.

2.3.3.1 Closer Economic Partnership Arrangement with Mainland China (CEPA)**Page 39, Paragraph 2.30**

"From the inception of the CEPA until end-May 2020, the Macao Economic Bureau (DSE) received 6,475 applications for CEPA certificates of origin, and issued 6,349 such certificates, of which 5,627 were used to export goods to China, including: cement, textiles and clothing products, yarn, plastic bags, recordable compact discs, printing ink, food and beverages, refined copper foil, electric conductors, chemicals, footwear, recycled plastics, cosmetic products, monocarboxylic fatty acids, and fibreglass cloth. In that period, merchandise exports to China totalled MOP 1,076 million, representing a tariff saving of MOP 73 million."

Question

8. The EU would like to know whether Macao, China can elaborate on why just 33% of the domestic exports to China actually received zero-tariff treatment under the CEPA? This is despite the Agreement on Trade in Goods providing for the full liberalization of Mainland China's market for goods originating in Macao, China (rules of origin for over 8,000 tariff lines, essentially covering China's entire Tariff).

Reply

The scope of Trade in Goods under CEPA has been progressively broadening since the inception of CEPA. Following the entry into force of the CEPA Agreement on Trade in Goods in 2019, the rules of origin for over 8,000 products have been established. Manufacturers, however, need to adjust their production processes and methods in order to enjoy the zero-tariff treatments. In fact, the utilization of CEPA has started to grow since 2019, and is expected to grow further in the future.

Page 40, Paragraph 2.34

"The DSE is responsible for issuing Macao, China service supplier certificates, which have a validity of two years and are non-transferrable and non-renewable. From the introduction of the CEPA to end-May 2020, the DSE issued a total of 817 service suppliers' certificates. These included suppliers from the following sectors: transport and logistics; convention and exhibition; management consulting; construction; distribution; telecommunications; legal services; advertising, sales and marketing; real estate; audiovisual; travel agencies; medical and dental; trademarks agencies; printing and publishing; R&D in natural sciences; banks and other financial services; services auxiliary to insurance; hotels and restaurants; passenger transportation; and educational services. With the revision of the Agreement on Trade in Services, which broadens the liberalization of trade in services between Mainland China and Macao, China, and the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the authorities expect that the use of service suppliers' certificates will increase."

Question

9. The EU would like to know whether Macao, China can provide more details regarding the number of certificates issued to foreign and EU companies and in which sector of activity?

Reply

Generally speaking, natural persons and juridical persons can enjoy CEPA benefits provided that they fulfil the definition as stipulated in Annex 3 to the CEPA Agreement on Trade in Services. A

natural person refers to a permanent resident of the Macao Special Administrative Region, whereas a juridical person means any company registered pursuant to the Commercial Code, the Commercial Registration Code or other relevant laws of Macao, China, that has engaged in substantive business operations in Macao, China for at least three to five years (which varies by services to services sectors).

At present, we have not received applications from foreign and EU companies. Nevertheless, we are open to and welcome any foreign companies that meet the requirements to become Macao service suppliers and develop their businesses in the Mainland of China through application for Macao Service Supplier Certificates.

Page 40, Paragraph 2.36

"The Investment Agreement, signed on 18 December 2017 between China and Macao, China, is a subsidiary agreement to the CEPA, and contains new commitments. It covers the admission, protection and promotion of investment between the two parties. Under this Agreement, China improved market access by opening up non-service sectors to Macao, China's investors, through the use of a negative list. The Agreement also introduces provisions on investment protection, such as compensation for expropriation, and a mechanism to settle investment disputes between investors and host governments, including through consultation, notification and coordination, mediation, and judicial means."

Question

10. The EU would like to know whether Macao, China can explain if, and under which condition, foreign companies can benefit from the measures of the Investment Agreement to invest in China from Macao, China.

Reply

Through the CEPA Investment Agreement, the Mainland of China has committed to offering Macao, China's enterprises an internationally high level of investment protection, with market access commitments expanded to non-services sectors. Any foreign companies that can meet the definition of a "Macao enterprise" in the Agreement and invest in the Mainland of China can enjoy the national treatment for non-services sectors in accordance with the provisions of the Agreement. In the meantime, their investment will be fully protected by the Agreement.

2.3.3.3 Cooperation arrangements in the region

Page 41, Paragraph 2.46

"The ultimate goal is to transform the GBA into a dynamic economic hub and a world-class megapolis by 2035, building upon the respective comparative advantages of the parties involved. The GBA Development Plan, published in February 2019, sets out the development focus of each participating city, identifies clusters of industries with growth potential, and establishes complementary cooperation measures. In this context, the specific goals of Macao, China are: to consolidate its development as "One Centre, One Platform" (i.e. a global tourism and leisure centre, and a commercial and trade cooperation service platform between China and the PSCs); to establish an exchange and cooperation base where Chinese culture is mainstream, and other cultures coexist; and to foster economic diversification. Specifically, Macao, China will concentrate on building a tourism education base, fostering the development of traditional Chinese medicines; and constructing a platform for financial services, including a Renminbi clearing centre for PSCs."

Question

11. The EU would like to know whether Macao, China could provide more details on the latest main developments with regard to cooperation with Mainland China under the GBA and with regard to promoting Macao, China's role in the GBA? Details of measures implemented are welcome.

Reply

Playing an important role as one of the four core engines for regional development in the GBA, Macao, China is actively implementing measures to promote cross-border and regional trade and investment.

The CEPA Agreement on Trade in Goods, as well as the Agreement Concerning Amendment to the CEPA Agreement on Trade in Services have further enhanced the level of liberalization of goods and services sectors. The continuously simplified customs clearance procedures and the implementation of express clearance for cross-border land transportation of goods can effectively speed up the flow of goods, curtail the transportation time of goods and enhance the competitiveness of industries.

The Agreement Concerning Amendment to the CEPA Agreement on Trade in Services implemented on 1 June 2020 proposes further services liberalization measures that will be implemented on a pilot basis in the GBA for enterprises of Macao, China, covering sectors including finance, law, taxation services, education, construction engineering and tourism. This allows enterprises of Macao, China to enter the market of the Mainland of China in a more open investment environment. Since 2020, the GBA has significantly accelerated its pace of opening up the service sector to Macao, China's enterprises. The levels of liberalization in many service sectors such as construction and engineering, tourism and medical services have been greatly increased. A number of measures have been implemented to allow professionals to practice in the Mainland of China after completion of training, certification or registration without the need to take national examinations. As a result, it has become easier for service suppliers and professionals of Macao, China to set up enterprises and pursue business development in the Mainland of China.

3 TRADE POLICIES AND PRACTICES BY MEASURE**3.1 Measures Directly Affecting Imports****3.1.1 Customs procedures, valuation, and requirements****Page 45, Paragraph 3.6**

"The temporary admission procedure is regulated by the Foreign Trade Law. Goods imported under the temporary admission regime are eligible for tax-free treatment. During the period under review, the ATA carnet (in use since 2010) was incorporated as the official instrument for the temporary admission of goods into Macao, China and their subsequent re-export.¹⁰ ATA carnets are issued by the World Trade Centre Macao under the guarantee of the Macao Chamber of Commerce; goods covered by ATA carnets include exhibitions, commercial samples, and professional equipment.¹¹ A security, equivalent to 100% of the value of the goods plus a further 10% of that amount, is required; it can take the form of cash (maximum MOP 10,000), bank cheque, or bank guarantee. Securities must be valid for a minimum of 33 months from the date of issue of the ATA carnet. Temporary admission is limited to a period of six months and can only be extended once for exceptional cases."

Question

12. The EU would like to know whether Macao, China can further explain the purpose of such a regime; the type of trades concerned; and the reason behind the requirement to provide a security?

Reply

The purpose of the ATA carnet is to simplify and unify declaration formalities. ATA carnets allow the use of a single document for multiple countries and multiple visits. It also cuts costs to holder by eliminating duties and taxes. The goods covered by ATA carnet include commercial samples, professional equipment and goods intended for display or use at international exhibitions, trade shows or similar events.

In accordance with the second paragraph of Article 10 of Law No. 7/2003 of Foreign Trade Law and related law regulations, the business operator can submit ATA carnet instead of the Customs

declaration documents. When goods are transported in or out, the customs officer must verify the information contained in the form, and file it or deliver it to the related entity.

According to the ATA carnet system, a security deposit or bank guarantee is required for an ATA carnet to cover any customs claims or cost that might result from a misused ATA carnet (<https://www.atacarnet.com/faq-page>).

Page 45, Paragraph 3.7

"Goods declared as in transit require transit declarations and/or transit licences if they are listed in Tables A (goods requiring an export licence) or B (goods requiring an import licence) of Chief Executive Decision No. 487/201613 in order to be allowed to be presented to Customs for clearance.¹⁴ Only licensed freight-forwarders are allowed to carry out transit activities, regardless of whether the imports are processed through transit declarations and/or transit licences.¹⁵ Goods processed by using a transit declaration form can remain in transit for a period of six months, which may exceptionally be extended once by another six months. Goods processed by using a transit licence may remain in transit for 10 days only; this period is not extendable. Goods in transit subject to SPS-related control or quarantine must be controlled/quarantined by the IAM, and the relevant documents of quarantine must be presented before transshipment. Goods in transit must not be opened or repackaged without authorization from the Macao Customs Service."

Question

13. The EU would like to know whether Macao, China can further explain the difference between the transit declaration and transit licence and the reasons for having different transit times?

Reply

As regards the types of transit document, a transit declaration is required for the transit of general commodities, while a transit license is used for transit of goods covered by specific law, such as rough diamond by Law No. 15/2019, CITES species by Law No. 2/2017, and goods listed in Table A or B of the Chief Executive Decision No. 487/2016 under Article 9 of the Foreign Trade Law. Due to the different supervision level of goods covered by transit declaration and license, difference transit times are also regulated. Pursuant to Article 15 of Section III of Foreign Trade Law:

1. For the goods requiring transit declaration, the period between the entry and exit of Macao, China cannot exceed 180 days, counting from the date of entry. In exceptional cases, Macao Customs Service may extend the period, referred to in the previous paragraph, for 180 days once only.
2. For the goods requiring transit license, the period between the entry and exit of Macao, China cannot exceed 10 days, counting from the date of entry.

3.1.4 Tariffs

Page 48, Paragraph 3.21 (See also Paragraphs 10 & 3.20)

Macao, China's latest certified WTO-bound schedule of tariff concessions is in the HS 2012 nomenclature.³⁷ It has bound only 30.5% of its tariff lines in the WTO, all at a zero rate. While all agricultural lines are bound, only 19.2% of non-agricultural tariff lines are bound. Within the non-agricultural product group, the binding coverage varies, according to the product group: example, 55.5% of tariff lines corresponding to leather, rubber, and footwear are bound, while all lines relative to petroleum products remain unbound³⁸ (Chart 3.1). The absence of bindings for nearly 70% of total tariff lines is in contrast with Macao, China's practice of having all applied rates at zero, and creates uncertainty for traders.

Question

14. The EU would like to know if – in order to provide more certainty to traders and strengthen the role of Macao, China as a trading platform – Macao, China considers bounding more tariff lines in the WTO?

Reply

Macao, China remains supportive to the WTO's initiative to further lower the tariff level in global trade, including joining the Pharmaceutical Agreement and the Information Technology Agreement in 1997 with commitments to bind the tariffs on all products covered by the said agreements to zero. Furthermore, Macao, China also follow the arrangements to bind the pertaining tariff lines to zero during the expansion of the product coverage of the two plurilateral agreements in 2001, 2007, 2010 and 2016. The Basic Law also grants the MSAR the status of a free port, stipulating that no customs duties are levied unless otherwise provided by law. Therefore, regardless of the scope of tariff binding coverage, Macao, China will strive to pursue the free port policy and will not impose any tariffs on all imported and exported goods.

3.3.1.2.2 Financial incentives and other forms of assistance**Page 60, Paragraph 3.62**

"Given the significant contribution of SMEs to the domestic economy and employment, promoting their development and competitiveness constitutes a long-term government policy. Support to SMEs is provided through three instruments: the SME Aid Scheme, the SME Credit Guarantee Scheme, and the SME Credit Guarantee Scheme Designated for Special Projects. All three Schemes were modified during the period under review to expand their scope. To be eligible under any of these Schemes, an individual entrepreneur or an enterprise must meet the following requirements: be registered at the Financial Services Bureau as a tax contributor with no outstanding liabilities; have less than 100 employees working in Macao, China; and more than 50% of the business's capital must be held by residents of Macao, China."

Question

15. The EU would like to know whether Macao, China could define the term "residents" with relation to these schemes. Under which condition foreigners leaving/working/doing business in Macao, China are considered residents for these schemes?

Reply

Under the three financial supporting schemes for the SMEs in Macao, China, namely the SME Aid Scheme, the SME Credit Guarantee Scheme, and the SME Credit Guarantee Scheme Designated for Special Projects, applicants must fulfill the requirements stipulated in relevant Administrative Regulations. In this context, a "resident" eligible for the SME schemes is an individual who possesses either a MSAR permanent identity card or a MSAR non-permanent identity card issued by the Identification Services Bureau of the MSAR Government. Foreigners holding non-resident working permits are allowed to stay and work in Macao, China, but they are not eligible for the mentioned SME schemes.

3.3.2 Standards and other technical requirements**Page 63, Paragraph 3.71**

"There are no specific procedures to develop technical regulations. However, when a product becomes subject to a licensing requirement, the corresponding standard becomes mandatory and, therefore, it becomes a technical regulation. According to the authorities, these technical regulations are always based on international standards, as Macao, China does not develop its own standards, but resorts to adopting international or overseas standards, where appropriate. In addition, Macao, China recognized a series of product safety standards from China and overseas under Administrative Regulation No. 17/2008. During the review period, Macao, China made 12 notifications to the WTO under the TBT Agreement, all in September 2019 (Table 3.13)."

Question

16. During the review period, Macao, China made 12 notifications to the WTO under the TBT Agreement, all in September 2019 (Table 3.13).⁶³ They refer to vehicle emissions, used motor vehicles, pollutants in gasoline, pharmaceuticals, tobacco products, heaters, packaging,

lights, and domestic appliances. All these technical regulations were in place at the date they were notified; some of them had been in force for several years. In this respect, the authorities mentioned that this was due to human resource constraints, and that they would make an effort to fulfil their notification obligations in a timely manner.

The EU would welcome information on specifically which measures were by Macao, China. It is not clear why Macao, China notifies only when it adopts international standards and thus technical barriers to trade cannot arise.

Reply

In order to facilitate a smooth and convenient trading environment for further trade growth, Macao, China has been referencing relevant international standards when formulating its own technical regulations in the hope that its trading partners can adapt more easily to Macao, China's technical regulatory requirements.

3.3.3 Sanitary and phytosanitary requirements**Page 67, Paragraph 3.84**

"The importation of the products listed above requires an import licence, an import declaration, and a valid sanitary certificate(s) issued by the competent authorities of the exporting country/region. The importer must also be registered in the IAM's Import Registry. Importers of these products must apply electronically or in person to the IAM for SPS inspection at least one working day prior to the arrival of the goods at the border."

Question

17. Why has Macao, China introduced an import-licensing regime when the import conditions to be fulfilled on SPS are already included in the relevant sanitary certificates, which accompany the commodities? It could be an additional and unnecessary burdensome procedure.

Reply

The conduct of foreign trade business requires compliance with Macao, China regulatory framework for customs procedures, in which the Macao Customs Service is responsible for implementing and verifying compliance at the border, including the import license and declaration system. Furthermore, in order to protect human, animal and plant life or health, in addition to the above-mentioned customs procedure requirements, importers must comply with sanitary and phytosanitary measures when importing goods related to SPS-related scope, and the Municipal Affairs Bureau will also engage in the border controls.

Question

18. Can Macao, China please explain the rationale and objective of an import licence for products that have to fulfil specific sanitary and phytosanitary import conditions? What is the risk to be managed by such a licensing system?

Reply

Import licensing/Declaration regime is a customs procedure which applies to import operations of all kind of commodities. According to the commodity category when proceeding to border clearance, related agencies should be engaged in border controls, i.e. commodity in SPS-related scope, the Municipal Affairs Bureau will engage in SPS inspection while Macao Customs Service will carry out their control checks in order to conclude the customs clearance.

Licensing/Declaration system as part of the customs procedures in Macao, China regulatory framework allows different agencies to manage the relevant risks from adequate and appropriate controls when it is applicable.

Page 69, Paragraph 3.92

"As at June 2020, Macao China, maintained two active SPS measures which had the effect of prohibiting imports (Table 3.17). These measures are deemed to be temporary, although they have been in place for several years. These measures were notified to the WTO. Macao, China does not have an automatic mechanism of revision of SPS measures. The authorities noted that these measures are reviewed as needed and to ensure compliance."

Question

19. It appears that the BSE ban does not identify any specific country as subject to the measures. Conversely, the ban appears to be revoked to the UK. Do those measures comply with the international standards (OIE)? Are the EU Member States (except UK) covered by those measures? What mechanism is followed by Macao, China to revise those measures?

Reply

The Chief Executive Decision No. 341/2007 is an active SPS measure which refers to BSE-related products and it does not intend to identify any specific country, it provides a mechanism in response to BSE-related issues at the trade level operations. The application of this measure complies with the O.I.E. recommendations.

The execution of this SPS measure may affect the import of BSE-related products by tightening or relaxing the SPS inspection at border control.

At the present moment, there are no EU Members States subjected to the application of this measure.

Macao, China will closely monitor international developments on the application of standards and recommendations on animal disease in public health and food safety concerns, in particular changes at OIE standards and evaluate periodically the actual Macao, China SPS measures in order to consider the appropriate time for carry out its review and update process.

Page 70, Paragraph 3.93

"In February 2019, the prohibition to import poultry products from avian-flu-affected Asian countries, contained in Chief Executive Decision No. 7/2004, was removed by Chief Executive Decision No. 16/2019."

Question

20. Does Macao, China apply the regionalisation principles in case of detection of animal diseases outbreaks in the EU Member States in accordance with the international standards (OIE)?

Reply

The Municipal Affairs Bureau applies SPS measures complying with the O.I.E. recommendations on international trade, of which including the principles of regionalization on animal disease where applicable.

Page 70, Paragraph 3.94

"Macao, China has not yet adopted a comprehensive competition law, nor does it have a dedicated competition enforcement agency. Provisions aimed at fostering competition, discouraging unfair business practices, and protecting consumer interests are scattered throughout the Commercial Code and sector-specific regulations. The authorities consider that these provisions are currently adequate and appropriate, given the small scale of the local economy and the prevalence of SMEs. Nevertheless, in order to further strengthen consumer's rights and protect fair competition, the existing Consumer Protection Law was revised; the revision is currently under consideration by the Legislative Assembly."

Question

21. The EU would like to know whether Macao, China is considering implementing a comprehensive competition law and/or establishing a dedicated competition enforcement agency? In addition, can Macao, China share any details on the timeline and content of the revision under consideration by the Legislative Assembly?

Reply

Macao, China currently exercises regulation with the Commercial Code and sector-specific regulations. The Commercial Code prohibits any agreement or practice that violates competition regulations or restricts competition, and stipulates that the injured party has the right to file a lawsuit at court to stop unfair competition practice, eliminate relevant effects and claim compensation. Meanwhile, certain sectors, e.g. gaming services, financial services, telecommunications services, etc. have been regulated by relevant sector-specific supervisory legislation. These legislations contribute to the construction of an economic environment featuring fair competition in Macao, China.

Apart from that, the Consumer Protection Law is currently under revision to further enhance consumer rights and protect fair competition. At present, the revision of the law has got general approval from the Legislative Assembly, which is now conducting detail review over the bill.

3.3.6 Government procurement

"Macao, China is not a signatory to the WTO Government Procurement Agreement (GPA), nor an observer to the relevant committee. Nevertheless, the authorities indicated that their procurement procedures and disciplines are consistent with international standards."

Question

22. The EU would like to know whether Macao, China is considering joining the WTO GPA? Such a decision would be mutually beneficial to Macao, China and contractors. The on-going review of the Macao, China procurement regime could provide for a great opportunity to join the GPA.

Reply

The MSAR Government has been committed to maintaining a government procurement legal regime that is sound and transparent, protects fair competition and achieves good governance. The legal regime is mainly consisted of three pieces of legislation, including: (1) the Legal System of Expenditure on Government Procurement Related to Goods, Services and Public Works, as approved by Decree-Law No. 122/84/M of 25 December and revised by Decree-Law No. 30/89/M of 15 May; (2) the Tendering Procedures of Acquisition of Goods and Services, as approved by Decree-Law No. 63/85/M of 6 July; (3) the Contracting Regime of Public Works, as approved by Decree-Law No. 74/99/M of 8 November.

Although Macao, China is not a party to the GPA for the time being, it is now formulating a new "Public Procurement Law" with the aim of refining the current government procurement legal regime with clearer and better regulated procurement procedures. Apart from the inclusion of principle regulations that fits the current social and economic development; it is also ensured that the procurement procedures provided in the new "Public Procurement Law" will comply with the international standards.

Page 72, Paragraph 3.107

"The above legal framework did not change fundamentally since the last Review, and has been in place for many years. However, the Government is working on a new bill, with the aim of simplifying, updating and enhancing the government procurement regime. A task force, set up to prepare the draft of the new law, formulated a number of suggestions for legislative review, on the basis of which a public consultation was held (November 2018 through January 2019). As at mid-2020, the Public Procurement Law was being redrafted, in light of the comments received from the public consultation, before submission to the legislative procedure."

Question

23. The EU would like to know whether Macao, China is able to share more information on the redrafting process of the Public Procurement Law and legislative procedure – including orientation of the reform and timeline.

Reply

In view of the fact that Macao, China is in the course of formulating a new "Public Procurement Law", a task force has been set up and has proposed several legislative recommendations. On this basis, a public consultation was conducted between November 2018 and January 2019, and an intra-governmental consultation was conducted in the first half of 2020 to gather opinions and suggestions from public authorities and organizations on their experiences of government procurement. The MSAR Government will take into account the opinions and suggestions of the general public and public authorities for drafting the "Public Procurement Law" in order to further refine its content, so that it will better meet the expectations of the society and the actual operational needs of public authorities. The bill is currently under redrafting and will proceed with the legislative procedures in 2021.

Page 73, Paragraph 3.110

"The use of limited tender with pre-qualification may be determined by the Chief Executive when: (i) in the case of goods and services, the estimated value of the contract exceeds MOP 7.5 million or the contract involves special technology; and (ii) in the case of public works, the estimated value of the contract exceeds MOP 15 million or the works are complex or exceptional in nature (i.e. they must be carried out in very special circumstances, in a particularly short time-period, or involve new designs or specialized construction methods). Data on the share of open tender and limited tender in total public procurement are not available."

Question

24. The EU would like to know whether Macao, China can explain what general rules apply to tenders with pre-qualification and in particular under which conditions contractors, including foreign contractors, can tender. Are there requirements for local presence of contractors or previous local experience required?

Reply

In case of projects that need to fulfill very complex and particular requirements, as well as to be completed in an exceptionally short period of time, tenders with pre-qualification will be used, which are chosen from companies or contractors registered in the official list in Macao, China. The required qualifications depend on the type of project, and generally speaking, company experiences, technological skills and local experiences will also be considered. Furthermore, in case of projects with high technological requirements, an overseas tender could be considered and foreign technical regulations or experiences could also be considered.

Page 73, Paragraph 3.112

"Under the procedures for the procurement of public works (Decree-Law No. 74/99/M), only contractors registered in the Official List of Public Works Contractors of the Land, Public Works and Transport Bureau (*Direcção dos Serviços de Solos, Obras Públicas e Transportes* (DSSOPT)) are admitted as tenderers. Regarding contractors not established in Macao, China, and not registered in the Official List of Public Works Contractors ..."

Question

25. The EU would like to know whether Macao, China could explain more in details the requirement and criteria for registration in the official list? In particular, are there requirements for some local presence and/or past local experience when it comes to foreign contractors?

Reply

Following are the requirements for the registration in the official list:

- Completed registration form which can be downloaded from DSSOPT website;
- Identity card photocopy of all the company partners;
- Commercial registration certificate of the company;
- List of technical staff of the company;
- Certificate from the Finance Services Bureau that proof there is no tax liability to the Macao SAR Government;
- Record of the past activities of the company;
- Declaration that the company will observe all laws and regulations concerning on construction issues of the Macao SAR Government.

Question

26. More broadly, could Macao, China provide an overview of: (i) the conditions under which external contractors can participate into tenders within Macao, China; (ii) what type of tenders they have access to, etc.

Reply

Public tender with or over a determined amount, foreign contractors are entitled to participate (oversea public tender is a decision of Chief Executive of the Macao SAR Government). Foreign contractors must submit document to proof their registration in the Official List of Public Works Contractors of their own country or proof that there is a same kind of registration in their own country.

In case of foreign contractors unable to satisfy those requirements, application for the equivalent registration is required, with the following documents:

- Description of the available equipment and specialized manpower that will be used;
- Record of experience in the identical kind of public and private projects, as well as certificate of participation issued by the owners of the projects;
- Document that proof their finance and economy capacity;
- Declaration that they will observe the local legislation, as well as only to observe the local jurisdiction.

3.3.6.2 Procedures**Page 75, Paragraph 3.120**

"The contract for the procurement of goods and services must be awarded to the best offer in terms of price and/or of the time for the provision of such goods and services. The contract for the execution of public works must be awarded to the offer that best guarantees the appropriate technical execution of the project, factoring in the price, the time for the execution of the works, and the profitability. However, no general provision expressly prevents the procuring entity from indicating in the tender documents that bidders may be called for negotiation before the award of the contract."

Question

27. The EU would like to know whether Macao, China can explain if other criteria than the are taken into account as well and what are they (for instance quality; environmental impact etc.)? Is the best price the priority criteria?

Reply

Procurement contracts must be awarded in accordance with the criteria stipulated by law. However, the laws related to government procurement also stipulate that the procurement contracts can be awarded under other criteria. The procuring entity may add evaluation factors that can improve the quality of supply depending on the individual and specific procurement items, which may include environmental and socio-economic considerations. In short, for Macao, China's government procurement, price is one of the important considerations, but not necessarily the most important one, as other criteria may also be taken into account with a view to achieving cost-effectiveness, wise use of public funds and value for money.

3.3.7 Intellectual property rights**3.3.7.2 Industrial property****Page 77, Paragraph 3.130**

"The main legislation with respect to industrial property is contained in the Industrial Property Code, enacted by Decree-Law No. 97/99/M, which entered into force on 6 June 2000. The Code covers all IPRs dependent upon registration, i.e. trademarks; patents (including invention patents and utility patents); topography maps of semiconductor products; industrial designs and models; and names and logos (emblems) of business establishments. The authorities indicated that the Industrial Property Code is currently being reviewed with a view to introducing amendments."

Question

28. Could Macao, China share more details on orientation and timeline of the review?

Reply

The amendment of the Industrial Property Code will refine the existing application and registration systems of various industrial properties in Macao, China by streamlining administrative procedures and application materials. Moreover, the introduction of more electronic services will also be considered in the amendment.

Macao, China will keep close watch on the latest global industrial property developments to ensure that the amendment will not only be in line with new developments in the international setting, but also maintains an environment that favours creativity and business.

The amendment of the Industrial Property Code is still being studied. At this stage, a timeline for the completion of the review has not been set.

3.3.7.2.1 Patents**Page 77, Paragraph 3.133**

"In the case of submitting a new application for an invention patent directly to the DSE in Macao, China, the applicant must submit the application with an abstract, and any other relevant documentation, including documents proving the priority right claim, drawings, translated copies in Chinese of certificates or other documents not written in any official languages of Macao, China. Like in the previous case, if the application is in order, a notice will be published in the Official Gazette, once 18 months have elapsed from the date of filing the application or, if a priority right was claimed, from the claimed date. From the publication of the application notice, and up to the date the patent is granted, any person may file an opposition to a specific application for invention patent registration. Also, in the case of direct registration with the DSE, within seven years from the date

of filing of the application, the applicant must file with the DSE a request of substantial examination by the CNIPA, paying a fee of MOP 2,500, otherwise the application for the invention patent registration will be refused. The granting of the patent by the DSE is contingent upon the result of a substantive examination report by the CNIPA, which is the only substantive examiner for invention patent applications in Macao, China in accordance with the Cooperation Agreement signed between Macao, China's and China's intellectual property offices."

Question

29. The EU would like to know whether Macao, China is considering developing its own examination capacity?

Reply

For patent registrations filed in Macao, China, the substantive examination is fully supported by the CNIPA. At present, the establishment of a local substantive examination capacity has not yet been considered.

Question

30. Given that Macao, China play a role of transit/re-export hub and encourages the development of international trade; could Macao, China provides information on how it fight international trade of counterfeit goods?

Reply

A special liaison mechanism with law enforcement agencies among Macao, China and neighboring areas to exchange intelligence is established. With this mechanism, remarkable results have been achieved as the corresponding law enforcement agencies are enabled to be notified accurately and react quickly.

Macao, China will maintain close communication and information exchange with law enforcement agencies in neighboring areas, launching joint enforcement operations for intellectual property protection randomly. Since 1 January 2016, a total of 12 joint enforcement operations for intellectual property protection have been launched to combat cross-border illegal trading of counterfeit goods.

REPORT BY MACAO, CHINA - WT/TPR/G/402

4.3.2 Import licensing procedures

Page 8, Paragraph 4.11

"Pursuant to the Foreign Trade Law (Law No. 7/2003), goods regulated by the licensing regime and specific legislation of the MSAR are subject to prior import authorization, which are mainly for health, safety, environmental and public security reasons. Goods covered by the licensing regime are live animals, meat, fish, vegetables, pharmaceutical products and medicines, milk for infant feeding, alcoholic beverages, tobacco, vehicles, telecommunication apparatus, arms and ammunition, among others. The import licensing regime for petroleum products has also been implemented since February 2015. In compliance with international obligations, the MSAR also imposes import licensing requirements or prohibitions on narcotic drugs and psychotropic substances, ozone-depleting substances, endangered species of animals and plants, chemical substances and their precursors, and hazardous wastes."

Question

31. Why has Macao, China introduced an import-licensing regime when the import conditions to be fulfilled on SPS are already included in the relevant sanitary certificates, which accompany the commodities? It could be an additional and unnecessary burdensome procedure.

Reply

The conduct of foreign trade business requires compliance with Macao, China regulatory framework for customs procedures, in which the Macao Customs Service is responsible for implementing and verifying compliance at the border, including the import licence and declaration system. Furthermore, in order to protect human, animal and plant life or health, in addition to the above-mentioned customs procedure requirements, importers must comply with sanitary and phytosanitary measures when importing goods related to SPS-related scope, and the Municipal Affairs Bureau will also engage in the border controls.

HONG KONG, CHINA**REPORT BY THE SECRETARIAT - WT/TPR/S/402****Trade Policies by Sector - Services****Banking****Page 97, Paragraph 4.47**

IMF's report of May 2019 (referred to in footnote 46) viewed the financial sector of Macao, China remains sound with healthy liquidity and asset quality; and recognized the efforts by the Monetary Authority of Macao (AMCM) to strengthen financial supervision. Meanwhile, given the large size of the financial sector and the significant short-term foreign liabilities, the IMF report called for continued supervisory caution, including further strengthening of the framework for sound Fintech adoption.

Question

1. Does Macao, China have any plan to implement IMF's suggestion to strengthen its regulatory framework for Fintech? If yes, could Macao, China share with us more details of its plans and actions taken?

Reply

Macao, China is actively responding to the IMF's suggestion in the recent Article IV report. On one hand, the MSAR Government plans to introduce a new section for regulatory sandbox to the revised Financial System Act to foster innovation in the financial sector while keeping alert to emerging risks. In addition, the Government will revise supervisory guidelines to enhance the sector's risk management with the increasing adoption of innovative technologies. On the other hand, to further increase cyber resilience in financial institutions, the Cybersecurity Law (Law No. 13/2019) and the Guideline on Cyber Resilience (Circular No. 016/B/2019-DSB/AMCM) were introduced in 2019. The Cybersecurity Incidents Alert and Response Centre also commenced operation in the same year to provide cybersecurity risk alert, cybersecurity incident response and coordination, and relevant administrative and technical support to the sector.

Telecommunications**Page 101, Paragraph 4.70**

It is the Government of Macao, China's policy to transform Macao, China into a smart city and formulate a new convergence regime to cope with 5G and the next generation network development. As such, the Macao Post and Telecommunications Bureau (CTT) has prepared a report and completed consultations, while the revision process is in progress.

Question

2. We are interested to know more about the key findings of the report. What actions will be taken to follow up on CTT's consultations?

Reply

The consultations report shows that the telecom industry generally agrees and supports the legislation for the regime. After having consolidated and considered all of the various recommendations, CTT enhanced the draft of the mentioned regime and will continuously push the related legislative work forward.

Tourism**Page 109, Paragraph 4.112**

The authorities of Macao, China noted that as the tourism and hotel and catering industries have developed rapidly over the past decade, the existing legislation is no longer comprehensive enough to deal with the increasing present-day changes. They considered it essential to revise current regulations to meet the industry's diversification and sustainable development needs. Legislation governing the tourism sector is currently under revision.

Question

3. What is the current progress of the legislative process regarding the amendments to the law regulating the hotel industry and the new law regulating travel agencies and tour guides? What are the major changes introduced by these amended/new laws?

Reply

The law regulating the hotel industry and the law regulating travel agencies and tour guide profession are being reviewed by the Legislative Assembly and the Executive Council respectively. Both of them aim at streamlining the licensing procedures, updating pre-requisites of the different types of establishments and professionals, as well as bettering the business environment that fosters a healthy and sustainable development of the industries.

MICE (Meetings, Incentives, Conventions and Exhibitions)**Page 118, Paragraph 4.131**

To help develop MICE activities, the Government of Macao, China launched a series of incentive measures. MICE organizers who are interested in hosting conventions or exhibitions in Macao, China, as well as local enterprises and non-profit entities who are interested in joining registered local and overseas MICE activities are eligible.

Question

4. Are foreign companies eligible for these incentive measures? Are there any incentives or programmes for attracting and assisting foreign suppliers to establish and operate in the MICE sector in Macao, China?

Reply

The "Convention and Exhibition Financial Support Programme" provides financial support for event expenses such as accommodation, F&B, keynote speakers, transportation etc., and foreign companies are also eligible to apply.

Meanwhile, IPIM's "One-Stop Service" for MICE Bidding and Support in Macao, China can also assist event organisers who are interested in hosting conventions or exhibitions in Macao, China. These services include attracting renowned events to Macao, China, providing latest MICE information to event organisers and helping them to organise events in Macao, China linking them up with MICE service providers, assistance in searching for business partners, etc.

In addition to the above support to entities who are interested in hosting an event in Macao, China, foreign enterprises interested in establishing a MICE business in Macao, China can also make use of IPIM's Investor's One-Stop Service, which provides a complete set of services to potential investors, such as providing information on investment opportunities, evaluating project proposals, and coordinating all administrative procedures required for the completion of investment projects in Macao, China.

JAPAN**REPORT BY THE SECRETARIAT - WT/TPR/S/402****1 ECONOMIC ENVIRONMENT****1.1 Main Features of the Economy****Page 15, Paragraph 1.5****Question**

1. According to the report by the Secretariat, revenue from hotels, restaurants, wholesale and retail trade, real estate and business activities, and banking reported increases in revenues from 2015 to 2017 as a result of economic diversification initiatives by the government. Japan would like to know the how sectoral labor force breakdown had changed over the same period.

Reply

According to the results of the Survey on Manpower Needs and Wages, Hotels & Restaurants and Banking had 80,394 and 6,122 full-time employees respectively at the end of the third quarter of 2017, both recorded an increase of 3.3% compared to the end of the third quarter of 2015. Wholesale & Retail Trade had 46,481 full-time employees at the end of the fourth quarter of 2017, an increase of 2.8% compared to the same period in 2015.

Full-time employees by industry

Industry	2015	2016	2017	Change between 2015 and 2017 (%)
Hotels & Restaurants	77,841	79,781	80,394	3.3
Banking	5,928	6,072	6,122	3.3
Wholesale & Retail Trade	45,233	47,115	46,481	2.8

Data from Statistics and Census Service, Survey on Manpower Needs and Wages.

Note: Reference period refers to the end of the third quarter of the year for Hotels & Restaurants and Banking while the end of the fourth quarter of the year is adopted for Wholesale & Retail Trade.

3 TRADE POLICIES AND PRACTICES BY MEASURE**3.1 Measures Directly Affecting Imports****3.1.1 Customs procedures, valuation, and requirements****Pages 44-45, Paragraph 3.5****Question**

2. Japan would like to ask Macao, China to clarify whether plant imports should be accompanied by phytosanitary certificates.

Reply

According to the List of Commodities Subject to Sanitary Inspection / Phytosanitary Inspection mentioned in Annex III of Chief Executive Decision No. 487/2016, bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; live plants (including their roots), cuttings and slips; mushroom spawn; cut flowers; foliage, branches and other parts of plants, and grasses, mosses and lichens; and seeds intended for sowing (commonly supplied by nursery gardeners, horticultural companies or florists for planting or for ornamental use) are subject to phytosanitary inspection when being imported to Macao, China, and the documents shown below are required to be submitted for the inspection.

Documents required to be submitted for the inspection:

1. The original of the phytosanitary certificates issued by the place of origin;
2. The Import Declaration Form (Format DI-E) and supplementary sheet(s) (Format A) which should be bought from the Government Printing Bureau;
3. The Table of Species and Quantities of Plants for Inspection.

3.3 Measures Affecting Production and Trade

3.3.3 Sanitary and phytosanitary requirements

Page 68, Paragraph 3.89 & Page 69, Paragraph 3.91

Question

3. Macao, China notified the maximum tolerance level of radioactive substance to WTO in 2014. However, Macao, China has maintained an import restriction measure on food products from Fukushima prefecture with not consistently the notification. Japan would like to request Macao, China to provide the scientific and legal rationale in terms of WTO consistency.

Reply

There is no specific restriction for Japan products to be imported into Macao, China. In regard to Fukushima prefecture products, the Municipal Affairs Bureau is having regular bilateral discussions and communications with Japanese authorities through the Consulate-General of Japan for technical details exchange concerning the actual situation of Fukushima prefecture. As of 22 April 2020, the Municipal Affairs Bureau has issued a written request for information (such as the food categories intended to be exported into Macao, China, the surveillance and monitoring control programs of food production sites), in order for the Municipal Affairs Bureau to proceed food safety risk assessment and analysis. The Municipal Affairs Bureau is still awaiting the relevant information for further evaluation.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

Page 70, Paragraph 3.95

Question

4. The report by the secretariat shows several acts of unfair competition may constitute criminal offences. Japan would like to request Macao, China to provide with the details regarding penalties for the criminal offences, especially, types of the acts that can constitute the offences, types and details of penalties, and detailed laws (articles) on which penalties are based.

Also, Japan would like to ask Macao, China if the Macao customs service can stop products which violate the Commercial Code regarding unfair competition.

Reply

Certain acts of unfair competition may constitute criminal offences. For example, acts of confusion, as defined in Article 159 of the Commercial Code, may constitute a criminal offence of fraud as defined in Article 211 of the Penal Code, which stipulates a punishment of imprisonment for up to three years or a fine, or of imprisonment up to five years or a fine if the financial loss caused is high, or of imprisonment between 2 to 10 years if the financial loss caused is significantly high, financial duress is caused to the victim, or in case of continuous criminal enterprise. Misleading acts, as defined in Article 160 of the Commercial Code, may constitute a criminal offence of merchant fraud

as defined in Article 28 of Law No. 6/96/M, which stipulates a punishment of imprisonment for up to 5 years or a fine for up to 600 day-fines, with each day-fine corresponds to an amount between MOP 50 and MOP 10,000.

If the unfair competition is related to infringing or counterfeit products, the Macao Customs Service may conduct criminal investigations and follow up in accordance with the Industrial Property Code approved by Decree-Law No. 97/99/M, the Regime of Copyright and Related Rights approved by Decree-Law No. 43/99/M and revised by Law No. 5/2012, and Law No. 6/96/M.

3.3.7 Intellectual property rights

3.3.7.2 Industrial property

3.3.7.2.3 Other industrial property rights

3.3.7.2.3.4 Trade secrets

Page 81, Paragraph 3.151

Question

5. According to the report by the secretariat, trade secrets are protected under the Commercial Code. Japan would like to request Macao, China to provide with the information regarding remedies for trade secret misappropriation, including criminal remedy, administrative remedy and their details.

Also, Japan would like to ask Macao, China if the Macao customs service can stop products which violate the Commercial Code regarding trade secrets.

Reply

Article 166 (Breach of secrets) of the Commercial Code provides that the spreading or exploitation, without permission from the holder, of industrial secrets or any other entrepreneurial secrets that were either accessed legitimately, but with a duty of confidentiality, or not legitimately, is considered unfair.

Private law remedies can be sought by resort to the unfair competition civil action, as provided for in Article 170 of the Commercial Code. Possible remedies are: prohibition of the continuation of the unfair competition practice and a cease and desist injunction (Article 171 of the Commercial Code) and, when appropriate, compensation for damages (Article 172 of the Commercial Code). Interim relief can be provided by the courts, under the provisions of Article 326 et seq. of the Civil Procedure Code.

As regards criminal law remedies, Article 190 of the Penal Code provides that a person who, without consent, takes advantage of a secret related to the commercial, industrial, professional or artistic activity of another person, acquired as a consequence of a duty of confidentiality, in the context of their employment, profession, or art, to the detriment of another person or the Macao, China region, commits a crime and is liable to imprisonment up to 1 year, or a fine. Also, Article 5 of the Law on Combating Cybercrime (Law No. 11/2009, as revised by Law No. 4/2020) provides that a person who, without consent and a legitimate purpose, obtains or makes available to another person data that is not intended for him, contained in a computer system or data support device, to which he has had access (even if access was legitimate), and that said data is related to a legally protected secret, commits a crime and is liable to imprisonment up to two years, or a fine.

Considering that the investigation of the aforementioned crimes relating to infringement and misappropriation of trade secrets depends upon a criminal complaint initiated by the victim, the intervention by the customs office would depend upon delegation by the competent judiciary authority as a result of an ongoing investigation.

3.3.7.4 Enforcement

Page 83, Paragraph 3.164

Question

6. According to Report by the Secretariat, the Customs Service uses network investigation systems, search engines, and big data processing technology to combat online infringement goods. We would like to know their details and results of such activities.

Reply

The Online Big Data Anti-Counterfeiting System can operate 24 hours a day under conditions preset by customs officials to monitor trademark information. The network information data, searched and collected by the Online Big Data Anti-Counterfeiting System, can be analyzed and compared through the system to help identify suspicious infringement of intellectual property activities.

The system enables effective combating of infringement of intellectual property while saving a significant amount of labour cost. From 1 January to 30 November 2020, the Macao Customs Service received a total of 147 reports, including 52 reports concerning online sales. With the information collected by the system, seven infringement cases were successfully forwarded to the Public Prosecution Office. A total of 248 items, mainly cosmetics, clothing and bags, with an estimated value of MOP 1.03 million were seized.

THAILAND**REPORT BY MACAO, CHINA - WT/TPR/G/402****Page 9, Paragraph 4.16****Question**

1. The paragraph mentions that the MSAR maintains no restrictions on the setting up of foreign companies. Does the MSAR have policy for foreigners to supply all services sectors without any restriction?

Reply

Generally, there are no restrictions placed on foreign investment or on the use of foreign capital in existing or newly established businesses in Macao, China. Both overseas and domestic enterprises are subject to the same regulations on business. However, licensing requirements are imposed on certain sectors such as finance, insurance, and banking, while investment in gaming and public services is subject to concession from the Government.

Pages 10-11, Paragraphs 4.28-4.29**Question**

2. The paragraphs only mention the MSAR's efforts on promoting e-commerce by establishing logistics channel between the Mainland of China and the MSAR and encouraging the usage of mobile payments in the execution of e-commerce transaction. It would be appreciated if the MSAR could provide more details in terms of any new or upgraded laws and regulations pertaining to e-commerce.

Reply

In response to the needs of e-commerce development, Macao, China continues to review its regulatory regime to enhance the e-commerce business environment. For example, with the aim to promote mobile payment usage in Macao, China, while also retaining flexibility in customer authentication requirements consistent with the risk-based approach, the MSAR has relaxed the authentication requirement for small-amount mobile payment service since 2017. Mobile payment service providers are allowed to classify their e-wallets into tiers with different levels of authentication. The higher the authentication level, the higher the spending/balance limits. In addition, payment service licensing application guidance was issued, to facilitate applicants to better understand the relevant licensing requirement and process. Furthermore, in view of the rapid growth in the usage of information technology, the Cybersecurity Law (Law No. 13/2019) came into force in December 2019 to protect information network, computer system and data of critical infrastructure operators.

In view of the changing e-commerce environment, Macao, China will continue to review its related laws and regulations, so as to promote a sustainable environment for the development of e-commerce.

Page 13, Paragraphs 5.7-5.8**Question**

3. The statistics show a big slump of the number of inbound visitors in the first quarter of 2020 compared with that of the same period of 2019 and also the profound impact on MSAR's gambling industry resulted from the COVID-19 pandemic. Does MSAR have any related measure to cope with this situation? And how?

Reply

Due to the COVID-19 pandemic, Macao, China's borders are still closed to international visitors with some exceptions. However, Macao, China reopened to visitors from the Mainland of China in August, and tourism activities between the Mainland of China and Macao, China are being gradually resumed as the pandemic has been brought under control in both places.

In response to the impact of the pandemic on the tourism sector, the MSAR Government has been working closely with public and private sectors and has launched various measures with a view to revitalizing the tourism industry. These include: an e-platform providing information on offers and discounts offered by F&B, retail, leisure and entertainment entities to local residents and visitors; local tours targeting local residents; an online lucky draw targeting visitors from the Mainland of China, with prizes of hotel coupons, cash coupons and air tickets; a campaign for promoting Macao, China as a safe destination; a roadshow held in Beijing; and a campaign for promoting Macao, China's destination glamour.

In the time to come, the MSAR Government will pay attention to how the pandemic evolves in the surrounding areas and around the world, implementing in a timely manner measures and programmes beneficial to the revival of tourism activities on the premise of ensuring public safety from the pandemic.

REPORT BY THE SECRETARIAT- WT/TPR/S/402**Page 48, Paragraph 3.18****Question**

4. Thailand would like to seek information on the mechanism imposed by Macau to prevent circumvention of preferential tariff treatment by non-Parties of the CEPA.

Reply

Once a manufacturer applies for CEPA qualification, a full scale on-site inspection will take place to ensure it has the ability to produce goods that are in compliance with the CEPA rules of origin. In addition, pursuant to Article 23 of the CEPA Agreement on Trade in Goods, The Mainland of China and Macao, China have well established an Electronic Origin Data Exchange System to ensure effective and efficient implementation, including the submission and confirmation of the certificate of origin. Furthermore, under Article 24 of the Agreement, it also puts in place a verification mechanism determining the authenticity of the Certificate of Origin or of the origin status of the goods under CEPA. Thus the existing mechanism and control have provided sufficient measures to eradicate any chance for circumvention by non-Parties of CEPA.

THAILAND – 2ND SET OF QUESTIONS**REPORT BY THE SECRETARIAT - WT/TPR/S/402****Page 43****Question**

1. The Secretariat Report states that Macao has recently published a new Arbitration Law (Law No. 19/2019) which came into effect in May 2020. Can Macao, China provide details of key developments that were introduced by the new Arbitration Law? For instance, are there any improvements to the process in which a foreign arbitral award may be enforced; and does the new Arbitration Law include regulation of third-party funding?

Reply

The new Arbitration Law (Law No. 19/2019), which came into force on 4 May 2020, modernizes the legal regime of the arbitration framework in Macao, China, in order to foster Macao, China as a hub of arbitration for the Mainland of China and Portuguese-speaking countries. The new law unified the legal regime for both domestic and international arbitration and follows closely the 1985 UNCITRAL Model Law on Arbitration, as amended in 2006.

The following are some of the key developments introduced in the new law:

- The requirement that an arbitration agreement be in writing was altered to also encompass electronic communications (Article 11), which is consistent with Article 7 of the UNCITRAL Model Law on Arbitration;
- The new law allows the designation of an "emergency arbitrator" to award urgent interim measures if need arises (Chapter 3 of Law No. 19/2019);
- The arbitration tribunal has been empowered to award interim measures and preliminary orders (Chapter 5 of Law No. 19/2019);
- Administrative disputes can now be resorted to arbitration (Chapter 10 of Law No. 19/2019).

Concerning the improvements to the process in which a foreign arbitral award can be enforced, the procedures were streamlined (Chapter 8 of Law No. 19/2019) with the objective of facilitating and expediting the circulation, recognition and enforcement of foreign awards. Formal requirements (Article 72, paragraph 1 and 2) were simplified in conformity with Article 35 of the UNCITRAL Model Law and Article IV of the 1958 New York Convention. In addition, the grounds for refusing recognition and enforcement (Article 71) mirror those of Article 36 of the UNCITRAL Model Law. It is also worth mentioning that according to the second paragraph of Article 72, the procedures for recognition and enforcement of foreign arbitral award shall be of an urgent nature, taking priority over any non-urgent judicial proceedings.

With regard to the issue of third party funding, the New Arbitration Law does not restrict nor regulate any third party funding in arbitration proceedings.

Page 44, Paragraph 3.4**Question**

2. Under paragraph 3.4, stated that importing products entering into Macao, China are subject to a document check and physical check by Customs Officers, are there any remedies for damage caused by the physical check process?

Reply

The Macao Customs Service has equipped the borders with monitoring equipment in the process of customs clearance of goods. If the goods are damaged, the Macao Customs Service will conduct an investigation and clarify the responsible party. If it is the responsibility of the Macao Customs Service, compensation will be made through relevant procedures.

Page 121, Paragraph 4.138**Question**

3. Are foreign investors eligible for the subsidies and supporting initiatives under the Subsidy Programme for Macao's Cultural and Creative Industries? What are the criteria and procedure for applying to the Subsidy Programme?

Reply

With the aim to promote the cultural and creative industries in Macao, China, the "Subsidy Programme Series for Macao's Cultural and Creative Industries" has been launched which provides financial supports in the fields of fashion design, songs and films production. The programme intends to foster local talents in the cultural and creative industries sector, to incubate potential cultural and creative products as well as to promote and advertise Macao, China's brands. Applicants for this programme must possess a valid MSAR resident identity card and be aged 18 or above. For details of the application requirements, please refer to the following webpage:

www.macaucci.gov.mo/en/content/?id=2271&catid=152&subcatid=166

In addition, with regards to cultivating projects concerning creative design, cultural performance and exposition, artwork collection and digital media in Macao, China, the Cultural Industry Fund provides assistance to commercial enterprises, which are legally established and registered in the MSAR. In case of natural person, the business owner shall be a resident of the MSAR, whereas for of legal person (i.e. corporation), 50% or above of the capital shall be hold by shareholder(s) who is/are resident(s) of the MSAR. For details of the application requirements, please refer to the following webpage: <https://www.fic.gov.mo/en/funding/normal/application-info>

Page 60, Paragraph 3.62**Question**

4. Are foreign SMEs eligible for the three supportive schemes? If not, does Macao, China have any policies to attract investment from foreign SMEs and startups?

Reply

As stated in Page 60, Paragraph 3.62 of the Secretariat Report, "to be eligible for the three SMEs supportive schemes, an individual entrepreneur or an enterprise must meet the following requirements: be registered at the Financial Services Bureau as a tax contributor with no outstanding liabilities; have less than 100 employees working in Macao, China; and more than 50% of the business's capital must be held by residents of Macao, China."

These requirements are gender, sector and nationality neutral in the sense that SMEs fulfilling these criteria are eligible for the financial supports. In this regard, SMEs, with no more than 50% of the capital from foreigners, jointly held by foreigners and Macao, China residents are also eligible to be supported under those schemes.

In addition, to encourage investment that is beneficial to domestic economic development, enterprises can apply for the Enterprise Financing Loan Interest Subsidy Scheme, which provides financial incentives to enterprises investing in Macao, China through a loan interest-rate subsidy. As long as the foreign enterprises (except financial institutions/financial services providers and enterprises operating under public concessions or sub-concessions) are locally registered and fulfil the requirements stipulated under the regulation, they are eligible to apply for the scheme.

Investment from foreign SMEs and startups can also benefit from the Investor's One-Stop Service of Macao Trade and Investment Promotion Institute (IPIM), which provides a full range of support and assistance to facilitate investment projects launched in Macao, China. Specifically, these services include providing information on investment opportunities, evaluating project proposals, and coordinating all administrative procedures required for the completion of investment projects in Macao, China. In addition, IPIM provides various logistic facilities to reduce the start-up costs of companies.

REPORT BY MACAO, CHINA - WT/TPR/G/402

Page 8, Paragraphs 4.11-4.12

Question

1. Noted that Macao, China does not require Certificate of Origin due to no tariff is levied on imports. Does this apply to all imported goods in general? As para. 4.11 mentioned that goods are regulated by the licensing regime and specific legislation and are subjected to prior import authorization. Can Macao, China provide further details on good regulated by the licensing regime under para. 4.11?

Reply

The regime on rules of origin, regulated by Administrative Regulation No. 29/2003, is with an objective to facilitate products exported from Macao, China in meeting the import requirements of importing countries/regions. This does not apply to goods imported into Macao, China. In practice, the certificate of origin of imported goods is provided on a voluntary basis due to commercial reasons. However, in the case of re-exports to a destination that requests a certificate of origin, the initially issued certificate of origin of the goods is required for verification purpose.

According to the Law No. 7/2003 - the Foreign Trade Law, licensing applies to the goods covered by specific laws and goods covered by Table A and Table B published by Chief Executive's Decision. Licensing under specific laws is adopted for the implementation of relevant international agreements or conventions, while licensing of goods covered by Table A and Table B is mainly adopted for health, safety, environmental and public security reasons. The Secretariat also consolidated a table for goods subject to import licensing under Para. 3.1.5.1 Pages 49-52 of the Secretariat Report.

RUSSIAN FEDERATION**REPORT BY MACAO, CHINA - WT/TPR/G/402****4 TRADE AND INVESTMENT POLICIES****4.3.4 Foreign investment policies****Page 9**

According to the Heritage Foundation, Macao, China (in 2018) is ranked 12th in the investment freedom index with 85 points (Luxembourg has a maximum of 95 points). According to the World Bank, Macao, China is ranked 15th in the legislative quality index with 1.61 points (2.5 maximum, Hong Kong, China - 2.21).

Question

1. What investment measures (no restrictions on the setting up of foreign companies, low tax system, any others?) have been adopted to ensure such an increase of these indicators?

Reply

The mentioned indices do demonstrate that Macao, China has a free regime in respect of foreign investment in a global scale. At the outset, the MSAR is bestowed with free port status by Article 110 of the Basic Law, which governs that no tariff shall be imposed unless otherwise prescribed by law. Moreover, as stipulated in Article 112, the MSAR is a separate customs territory. Macao, China maintains no restriction on foreign companies in setting up businesses, along with simple investment and business procedures and identical administrative procedures for both local and foreign investors. In addition, Macao, China has a simple and low taxation system and a far reaching international network and close ties with the Portuguese-speaking countries. All these contribute to making Macao, China a desirable business environment for investors around the world.

4 TRADE AND INVESTMENT POLICIES**4.3.5 Intellectual property rights****Page 9, para. 4.19**

The MSAR Government continues to improve its administrative process concerning industrial properties registration, e.g. by launching online application service and simplifying application requirements. In tandem with the economic development, trademark applications increased from 10,084 in 2013 to 15,390 in 2019. With respect to patent, there is a growing trend that applicants increasingly choose patent extension over direct filing to have their inventions protected. The patent extension system herein refers to the cooperation agreement signed between the Mainland of China and Macao, China in 2003. The procedures of extension are simple, and no further substantive examination is required.

Question

2. Please specify which application requirements were simplified regarding the industrial properties registration.

Reply

The MSAR Government continues to improve the administrative process of industrial properties registration by simplifying application requirements. In addition, new online application services were launched in 2014. For online applications submitted with authentication by a Qualified Electronic Signature certificate, the originals of the supporting documents are not required, and payment can be made through the Internet. The required documents for renewal of industrial

property has been simplified, e.g. for an application, whether submitted online or in-person, to the Macao Economic Bureau through an agent, the power of attorney is exempted.

4 TRADE AND INVESTMENT POLICIES

4.3.7 Competition policy

Page 10

Question

3. Which authorities in Macao, China have the empowerment to exercise control and supervision in the field of competition law?

Reply

There is no comprehensive competition law and dedicated competition enforcement agency in Macao, China. However, competition provisions are found in the Commercial Code and other sector-specific regulations and rules. Several authorities, such as regulatory bodies of the financial, gaming and telecommunications sectors, have been empowered by the relevant sector-specific laws and regulations to exercise control and supervision over the competition in the respective sectors they oversee.

4 TRADE AND INVESTMENT POLICIES

4.3.9 Support for small and medium-sized enterprises (SMEs)

Page 11

Question

4. The Government's report provides information on financial support for SMEs (SME Aid Scheme, SME Credit Guarantee Scheme, and SME Credit Guarantee Scheme Designated for Special Projects), measures to assist young entrepreneurs and support for business associations to establish the Macao Classic Brand Reshaping Assistance Program. Are there any other measures in place to provide non-financial support to SMEs?

Reply

Apart from financial support, the MSAR Government has put in place various non-financial measures to support SMEs. Among all, efforts have been made to enhance the business environment and establish distinctive images in old districts, in order to attract visitors and improve the districts' images. These include: enhancement of public areas, promotion of digital marketing and electronic payment and so forth. In the meantime, the MSAR Government also provides support in organising promotional events, such as shopping carnivals and night markets in different districts, with the aim of attracting both residents and tourists to participate and boosting the local consumption.

Furthermore, in order to enhance the competitiveness and brand image of SMEs, the MSAR Government also hosts different seminars and workshops on topics that are of interest to SMEs, such as business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, e-commerce, brand building, marketing, etc. as well as fostering the usage of e-commerce in their business, so as to upgrade their overall level of service and brand image to target customer groups.

Moreover, in order to assist SMEs to explore markets, SMEs are encouraged to participate in exhibitions and trade fairs, as well as business matching sessions and business field trips to explore business opportunities. A Macao SME Pavilion is usually set in major trade fairs (such as the Macao International Trade and Investment Fair) to showcase products and services provided by SMEs. Furthermore, as a side activity of these major trade events, guided tours to local

neighbourhoods for the participating delegates and traders are organized with a view to promote local brands of SMEs to more people and to boost community economies.

5 SECTORAL DEVELOPMENTS

5.3 Tourism

Page 13

Question

5. Is "Air Macau" going to participate in the "Health Passport. COVID-19" project in which world airlines will issue international electronic badges to air passengers indicating that the owner does not have a coronavirus in order to increase the number of air travel?

Reply

The COVID-19 quarantine control measures still remain in force at the borders of Macao, China. Their removal is largely dependent upon the pandemic situation around the world, which is very much unpredictable at this moment. In view of this, whether or when Air Macau could be able to participate in the "Health Passport COVID-19" project still remains to be seen. Any measures that facilitate the resuming of normal international travel are welcomed by Air Macau.

REPORT BY THE SECRETARIAT - WT/TPR/S/402

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

Pages 70-71

Question

6. Which sanctions can be imposed in case of violation of competitive articles of the Commercial Code?

Reply

Pursuant to Article 171 of the Commercial Code, a judicial decision declaring the existence of acts of unfair competition shall determine the prohibition of the continuation of the said practice, and shall indicate the appropriate means to eliminate the respective effects. The aggrieved party can recover damages incurred as a consequence of proven acts of unfair competition if they were practised with intention or negligence in accordance with Article 172 of the Commercial Code.

In addition, certain acts of unfair competition may constitute criminal offences. For example, acts of confusion, as defined in Article 159 of the Commercial Code, may constitute a criminal offence of fraud as defined in Article 211 of the Penal Code, which stipulates an imprisonment of up to three years or a fine.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

Pages 70-71

Question

7. Does the Commercial Code of Macao, China have a provision on possibility of its extraterritorial application?

Reply

The Commercial Code of Macao, China does not have any provision on possibility of its extraterritorial application.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

Pages 70-71

Question

8. Which forms of anticompetitive practices, despite of agreements and concerted actions, are established in the Commercial Code of Macao, China?

Reply

Article 158 of the Commercial Code has a general clause qualifying unfair competition as any form of competition, which is objectively contrary to the rules and honest usage of economic activity.

This general clause is further complemented by a list of specified practices that are legally deemed as unfair competition:

- Acts of confusion (Article 159 of the Commercial Code);
- Misleading acts (Article 160 of the Commercial Code);
- Offers (Article 161 of the Commercial Code);
- Negative statements (Article 162 of the Commercial Code);
- Comparative practices, such as comparative advertisement (Article 163 of the Commercial Code);
- Acts of imitation (Article 164 of the Commercial Code);
- Exploitation of other persons' reputation (Article 165 of the Commercial Code);
- Breach of secrets (Article 166 of the Commercial Code);

- Promotion and exploitation of contractual breaches (Article 167 of the Commercial Code);
- Exploitation of dependence (Article 168 of the Commercial Code);
- Sales at a loss (Article 169 of the Commercial Code).

PERU**REPORT BY THE SECRETARIAT - WT/TPR/S/402****Página 10, Resumen [Page 10, Summary]**

14. También existen diversos incentivos no fiscales, principalmente en forma de apoyo financiero a proyectos de inversión, pymes y jóvenes empresarios. Las empresas que invierten en Macao, China pueden beneficiarse del Plan de Subvenciones de los Intereses de los Préstamos para la Financiación de Empresas, que ofrece una subvención de los tipos de interés de cuatro puntos porcentuales al año, durante un máximo de cuatro años, a las empresas que inviertan en Macao, China. Las pymes pueden beneficiarse de ayuda financiera sin intereses y garantías de créditos para préstamos. Asimismo, en marzo de 2020, se introdujo el Plan de Subvenciones de los Intereses de los Préstamos Bancarios para las Pymes, con un período de aplicación de seis meses, a fin de ayudar a las pymes que se enfrentaban a dificultades debido a la pandemia de COVID-19. Macao, China también concede subvenciones a empresas para promover la creación de empleo en beneficio de grupos sociales específicos, como las personas desempleadas, los jóvenes en busca de su primer empleo y las personas con discapacidad.

[There are also a number of non-tax incentives, mainly in the form of financial support targeted to investment projects, SMEs and young entrepreneurs. Enterprises investing in Macao, China may benefit from the Enterprise Financing Loan Interest Subsidy Scheme, which provides an interest rate subsidy of 4 percentage points per annum for a maximum period of four years to companies investing in Macao, China. SMEs may benefit from interest-free financial assistance and credit guarantees for loans. Additionally, in March 2020, the SME Bank Loan Interest Subsidy Scheme was introduced, with an implementation period of six months, to assist SMEs facing difficulties due the COVID-19 pandemic. Macao, China also grants subsidies to companies to promote job creation among targeted social groups, such as the unemployed, young first-time job seekers, and persons with disabilities.]

Pregunta [Question]

1. En el marco de las subvenciones a las Pymes y de las subvenciones a empresas para promover la creación de empleo en beneficio de grupos sociales específicos, ¿podría Macao-China compartir información estadística sobre el impacto favorable de dichas subvenciones en la creación de puestos de trabajo para las mujeres, o en qué medida dichas subvenciones han sido dirigidas a los negocios que son propiedad de una mujer?

[Within the framework of subsidies to SMEs and subsidies to companies to promote job creation for the benefit of specific social groups, could Macao-China share statistical information on the favourable impact of such subsidies on job creation for women, or to what extent such subsidies have been targeted at businesses owned by women?]

Reply

At present, all the SMEs and young entrepreneur supporting schemes in Macao, China are gender-neutral, and do not target to any particular social groups. With regard to the "Young Entrepreneur Aid Scheme", 939 out of the 2,262 applications are women (accounted for 42%). Of the 1,685 approved cases, 732 applicants are women (accounted for 43%).

Pregunta [Question]

2. ¿Qué acciones públicas y/o privadas, internacionales o nacionales, se han llevado a cabo en Macao-China durante el período bajo examen para fomentar una mayor participación de la mujer en la economía y en particular en el comercio internacional? ¿Cuáles fueron sus resultados?

[What public and/or private actions, international or national, have been carried out in Macao-China during the period under review to promote greater participation of women in the economy and in particular in international trade? What were their results?]

Reply

Both men and women in Macao, China are empowered with equal rights in receiving education and participation in the economy. To further arouse the participation of women in domestic and international affairs, the MSAR Government has set up a programme on "Targets on Women Development in Macao" through the Women and Children Affairs Committee in 2015, under which women are encouraged to participate in decision-making process, as well as acquire knowledge with respect to laws and security, economy, media and culture, social welfare and so on. The MSAR Government also takes opportunities to work hand-in-hand with NGOs of different orientation groups, such as women and youth, and invite them to participate in business activities such as trade fair and oversea exchange, as well as that will facilitate their participation in international trade.

Question

3. ¿Podría Macao-China copatrocinar la Declaración Ministerial sobre Comercio y Empoderamiento de la Mujer o participar activamente en el Grupo de Trabajo Informal sobre Comercio y Empoderamiento Económico de la Mujer, que sesionará próximamente en la OMC, y que busca principalmente compartir buenas prácticas en la materia?

[Could Macao-China co-sponsor the Ministerial Declaration on Trade and Women's Empowerment or actively participate in the upcoming Informal Working Group on Trade and Women's Economic Empowerment at the WTO, which seeks primarily to share good practices in this area?]

Reply

Macao, China recognizes that the Buenos Aires Declaration on Trade and Women's Economic Empowerment has raised awareness of the important role of trade in the empowerment of women. In fact, women have substantial participation in both employment and entrepreneurship and contribute greatly to the economic development of Macao, China. Therefore, we will continue to pay close attention to trade and women's economic empowerment to promote women's full and effective participation and equal leadership opportunities in all decision-making levels of political, economic and public life. In addition, we will further consult with local women and relevant associations on participation in international women-related affairs.

ICELAND**Question**

1. What is the participation of women in the economy of Macao, China?

Reply

At the end of 2019, the labour force of Macao SAR amounted to 394,600. The general labour force participation rate 70.3% and the labour force participation rate of women 66.7%. Total employment was 387,800, while the employed population of women was 199,200. Most of the employed population of women were aged 25 to 34 (29.1%), followed by those aged 35 to 44 (26.0%). As analysed by education attainment, employed population of women with tertiary education accounted for 38.5%, and those with senior secondary education made up 30.6%, with these two groups accounted for 69.0% of the total. Among the female employed residents, the majority of women were employed in the industries of "recreational, cultural, gaming and other services" (27.9%), "hotels, restaurants and similar activities" (12.8%), and "wholesale and retail trade" (11.1%). Also according to our records, about 43% of the cases approved under the Young Entrepreneurs Aid Scheme were women entrepreneurs, which best indicates that young women have shown enthusiasm for entrepreneurship.

Question

2. Have specific barriers that limit women's participation in trade been identified?

Reply

Macao, China, as a highly open economy that values gender equality, allows all people to participate in trade in a law-abiding manner. According to the Report on the Current Situation of Women in Macao 2017 released by the Social Welfare Bureau, women in Macao, China have multiple roles, with 80% of them performing household chores, and each woman spends an average of 2.3 hours per day doing housework. Therefore, working women want to reduce their burden and achieve a balance between family and career. In light of the above, the MSAR Government has been encouraging more women to take part in vocational training and paying attention to their psychological health. In addition, the MSAR government continues to encourage women entrepreneurs to participate in business activities such as overseas exchanges, trade shows, and international forums to keep them abreast of the latest global trends and explore more business opportunities.

Question

3. Has Macao, China implemented any specific measures to encourage women's participation in trade and promote women's entrepreneurship, or are such measures being developed?

Reply

The MSAR Government has implemented various measures to support young entrepreneurship. These include the establishment of the Macao Young Entrepreneur Incubation Centre, assisting the local entrepreneurs to station in the youth incubation centres in the Mainland of China, launching Sino-Portuguese Youth Innovation and Entrepreneurship Exchange Programme, as well as the Professional Consulting Services Exchange Programme. Although these measures, on their own, are gender neutral, yet the Macao SAR Government works closely with the local associations in encouraging and supporting women to participate in these initiatives.

Question

4. Are the effects of trade policy on women and men measured and monitored, and if so how?

Reply

Our trade-related policies are gender-neutral, we do not measure and monitor the effectiveness of trade policies by gender. However, some facilitative policies, such as government-provided nursery services, can facilitate more women enter the workforce. The number of employed women and the number of women in the labour force increased by 7.9% and 7.8%, respectively, in 2019 compared to 2013. On the other hand, all the SMEs and young entrepreneur supporting schemes are gender-neutral and open to all eligible applicants. In the case of the Young Entrepreneurs Aid Scheme, about 43% of the approved cases are female entrepreneurs, which best reflects the entrepreneurial passion of young women.

Employed residents	Total	Male	Female
2013	270,100	136,300	133,700
2019	281,800	137,500	144,200
Resident labour force	Total	Male	Female
2013	276,800	140,500	136,300
2019	288,500	141,600	146,900

UNITED STATES**REPORT BY THE SECRETARIAT - WT/TPR/S/402****3 TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****3.1.2 Customs valuation****Page 48, paragraph 3.15**

The Secretariat notes that, under Article 24 of the Consumption Tax Regulation, if Direcção dos Serviços de Economia (DSE) doubts the accuracy of the declared value, the importer is notified and has 10 days to submit necessary amendments. Following the 10-day period, if DSE remains doubtful regarding the re-declared value, only then are the rules of the WTO Customs Valuation Agreement applied.

Question

1. Please explain why the rules of the WTO Customs Valuation Agreement are not applied for all customs valuation purposes?

Reply

The consumption tax regime of Macao, China is established by the Consumption Tax Regulation, approved by Law No. 4/99/M. Under the Regulation, the consumption tax levied by Macao, China is calculated at a specific rate for tobacco products and, both specific and ad valorem rate for alcoholic beverages with 30% or higher alcohol concentration. The value declared by the importer and additional supporting information serve as the basis for determining the tax payable on the product. According to sub-paragraph 2a of Article 24 of the Consumption Tax Regulation, the Customs Valuation Agreement applies to importation of goods when there is no sufficient information available for determining the product value.

3.3.6 Government procurement**Page 72, paragraph 3.107**

The Secretariat indicates that the Government of Macao, China is redrafting the Public Procurement Law in light of comments received from a public consultation held November 2018 through January 2019.

Question

2. Is the input received during the consultation period currently available for public review, and if so, where can it be viewed?

Reply

The MSAR Government has compiled the opinions and suggestions gathered from the public and intra-government consultations into the final report of the public consultation on the "Public Procurement Law", which was published in 2019 and is available at the following links:

Chinese version:

https://www.dsf.gov.mo/download/LCP/C_LCP_Report.pdf

Portuguese version:

https://www.dsf.gov.mo/download/LCP/P_LCP_Report.pdf

Question

3. Please provide an update regarding the expected timeline for the redraft to go through the forthcoming legislative procedure?

Reply

Macao, China is formulating a new "Public Procurement Law" with the aim of refining the current government procurement legal regime with clearer and better regulated procurement procedures. Apart from the inclusion of principle regulations that fits the current social and economic development, it is also ensured that the procurement procedures provided in the new "Public Procurement Law" will comply with the international standards. After having gathered opinions and suggestions from public and intra-government consultations, the MSAR Government will take into account the opinions and suggestions of the general public and public authorities for drafting the "Public Procurement Law" in order to further refine its content, so that it will better meet the expectations of the society and the actual operational needs of public authorities. The bill is currently under redrafting and will proceed with the legislative procedures in 2021.

QUESTIONS NOT BASED ON THE REPORT BY THE SECRETARIAT OR THE REPORT BY MACAO, CHINA (WT/TPR/S/402; WT/TPR/G/402)

Macao, China is one of the wealthiest economies in the world, measured in GNI per capita (PPP) terms, according to data from the World Bank and IMF. In fact, according to World Bank data from 2018, Macao, China is the wealthiest economy in the world.

Question

4. Does Macao, China believe it is appropriate for it to seek blanket special and differential treatment in WTO negotiations, and therefore receive the same special treatment as Members with a GNI per capita figure of less than one percent that of Macao, China? If so, please explain why this is appropriate.

Reply

Special and differential (S&D) treatment is the core value and fundamental principle of the WTO, Macao, China has not acquired any trade advantages from the WTO S&D treatment. As a WTO member, Macao, China will not evade its international responsibilities, and must uphold this core value and fundamental principle.

Macao, China reiterates and stresses its support for multilateral trading system, and will continuously enhance the transparency of its trade policy. Macao, China will commit to building a sound investment environment and maintain a highly open economic system, and will observe and uphold the WTO rules.
