

Enhancement of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA)

Q&A

1. What is enhancement of CEPA?

The Mainland and Macao signed the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) in 2003, which has been officially implemented since 2004, and have since signed ten Supplements until 2013. The CEPA agreements cover three economic and trade areas, namely Trade in Goods, Trade in Services and Trade and Investment Facilitation.

To accomplish the objective of achieving basic liberalization of Trade in Services between the Mainland and Macao through CEPA by the “12th Five-Year Plan” as requested by the Central Government, the two sides signed the Agreement between the Mainland and Macao on Achieving Basic Liberalisation of Trade in Services in Guangdong under CEPA in 2014 to achieve liberalization of Trade in Services between the Mainland and Macao in advance in Guangdong Province; the signing of the Agreement on Trade in Services under CEPA in 2015 symbolises the full achievement of basic liberalization of Trade in Services between the Mainland and Macao.

In order to implement the “13th Five-Year Plan”, it is proposed that the mainland should strengthen its opening to Macao and promote the upgrading of CEPA. In the process of CEPA upgrading, the Mainland and Macao have signed four sub-agreements under the framework of CEPA, including the Agreement on Trade in Services, the Agreement on Trade in Goods, the Agreement on Investment and the Agreement on Economic and Technological Cooperation.

About Investment:

2. What is the Investment Agreement under CEPA?

The Investment Agreement is a new subsidiary agreement under CEPA covering comprehensively admission of investments and investment protection and facilitation, and broadening the commitments on investment under the framework of CEPA by extending the liberalization of market access for investment from services sectors to non-services sectors with the related protection measures apply to investments in both services and non-services sectors, favouring the establishment of an investment environment with certainty and stability, as well as facilitating investment activities and economic integration between the two places.

3. What benefits will the Investment Agreement bring to Macao investors?

Before the signing of the Investment Agreement, commitments on treatment for admission of investments given by the Mainland to Macao were only limited to services sectors. Treatment for admission of investments in non-services sectors was merely a voluntary liberalization measure but not a commitment under agreement.

After the signing of the Investment Agreement, the Mainland commits under the Investment Agreement to accord national treatment, the same treatment accorded to Mainland investors, to investments and investors of Macao in all non-services sectors, except the 26 measures listed in Annex 2 (covers mainly investments in the areas of development of exclusive economic zones and continental shelf, exploitation of petroleum oil and natural gas, exploitation and smelting of mineral products, manufacture of transportation carriers, franchise authorized by the government, atomic energy, traditional arts and crafts and Chinese medicines, etc.). Furthermore, the

most-favoured treatment provision of the Agreement stipulates that any preferential treatment the Mainland accords to investments and investors from other countries or regions, if more preferential than that under CEPA, will be extended to Macao investments and investors.

4. To which sectors the provisions for national treatment and most-favoured treatment under the Investment Agreement are applicable?

National treatment and most-favoured treatment under the Investment Agreement are only applicable to investments in non-services sectors, including mainly manufacturing and mining. As for services sectors, national treatment and most-favoured treatment under the Agreement of Trade in Services are applicable.

5. What does enjoying national treatment mean to Macao investors?

To Macao investors, enjoying national treatment means enjoying the same treatment as the Mainland investors. Macao investors are subject to the same laws, regulations and rules that regulate the Mainland investors.

6. What protection does the Investment Agreement provide for investments between the two places?

In terms of investment protection, protections committed by the Mainland and Macao to investors of the other side include: protection measures related to expropriation; compensations for losses owing to expropriation of investments; non-discriminative compensations for losses owing to war, state of emergency, riot, natural disaster or other similar events. Meanwhile, the mechanism for settlement of investment disputes under the Investment Agreement provides various means to settle investment disputes between investors of one

side and the government of the other side, establishing a complete investment protection system.

7. Is the Investment Agreement applicable to the investments made before the Agreement came into force?

The Investment Agreement is applicable to the investments that exist on the date of entry into force of the Agreement or are made or acquired thereafter. If an investment of one side of the Agreement has been in existence before the Agreement came into force and breaches the obligations under the Agreement, the mechanism for settlement of investment disputes under the Investment Agreement can be resorted for resolution.

8. Will investors get compensation for expropriation?

The Investment Agreement provides that investments or returns of investors of one side shall not be expropriated by the other side except for a public purpose, in accordance with due process of law, in a non-discriminatory manner and on payment of compensation.

Such compensation shall be equivalent to the real value of the expropriated investment immediately before the expropriation, or before the impending expropriation became public knowledge, whichever is earlier, and shall include interest at a normal commercial rate, accrued from the date of expropriation until the date of payment. Compensation shall be fully realisable, freely transferable, and paid without delay. The affected investor shall have a right under the laws of the side making the expropriation to prompt review of its case and of the valuation of its investment by a judicial or other independent authority of that side in accordance with the principles set out in Article 11 “Expropriation” of the Investment Agreement.

9. How to define Macao investor?

According to Annex 1-Relevant Requirements on the Definition of "Investor" of the Investment Agreement, Macao enterprises investing in the form of commercial presence in non-services sectors in the Mainland are required to fulfill the requirements for substantive business operations in Macao and obtain the Macao Investor Certificate.

Requirements on engagement in substantive business operations in Macao for Macao investors include being established in Macao and engaging in substantive business operations for 3 years or more, payment of profits tax in accordance with law, owning or renting the relevant business premises, and employment of more than 50% of its staff being residents in Macao without limit of stay and people permitted to reside in Macao pursuant to the relevant laws of Macao.

10. Do Macao enterprises need to apply for the Macao Investor Certificate prior to investing in the Mainland?

Macao enterprises need to apply for the Macao Investor Certificate from the Economic and Technological Development Bureau only when they invest in the Mainland in the form of commercial presence in non-services sectors with preferential access to Macao. Such sectors are:

- (1) manufacture of common ships (including subsection) ;
- (2) manufacture of civil aircrafts (for trunk and branch lines) and civil helicopters (of three tons or more) ;

- (3) manufacture of general purpose aircrafts ;
- (4) mining of special and scarce coals ;
- (5) smelting of tungsten.

When the franchise is completely liberalized to Mainland investors, Macao investors will also need to apply for the Macao Investor Certificate from the Economic and Technological Development Bureau in order to perform, in the form of equity joint venture or cooperation, exploitation of land-based petroleum oil, natural gas and coal seam gas.

Besides, investors making investments in forms other than commercial presence, such as purchase of financial products, properties and intangible assets, etc., or investors in the form of natural persons, or investors in non-services sectors other than those with preferential access to Macao, are not subject to the requirements of substantive business operations and are not required to apply for the Macao Investor Certificate.

11. Do Macao investors having invested in the Mainland before the entry into force of the Investment Agreement need to apply for the Macao Investor Certificate?

For Macao investors having invested in the Mainland before the entry into force of the Investment Agreement, they are subject to specific requirements of substantive business operations and need to apply for the Macao Investor Certificate only when they have new investment in the Mainland in non-services sectors with preferential access to Macao.

12. Do Macao investors in the Mainland need to apply for the Macao Investor Certificate so that they can enjoy the investment protection obligations under the Investment Agreement?

Investments made legally in the Mainland by Macao investors immediately enjoy the treatment under the Investment Agreement when it comes into effect, including investment protection, without having to fulfill the specific requirements of substantive business operations or apply for the Macao Investor Certificate.

13. If a dispute arises between a Mainland investor and relevant Macao authorities or institutions over the Investment Agreement, To what means may the Mainland investor resort to resolve the dispute?

If a Mainland investor claims that it or its covered investment has suffered losses or damages resulting from a breach by the Macao authorities or institutions of the obligations provided in the Investment Agreement in relation to the Mainland investor or its covered investment, the investor may resort to one of the five means listed in Article 20 “Dispute Settlement between a Mainland Investor and Macao” of the Investment Agreement for resolution, including: amicable consultation, complaint coordination, notification and coordination, mediation and judicial proceedings.

About Economic and Technical Cooperation:

14. What is the Agreement on Economic and Technical Cooperation (Ecotech Agreement) under CEPA?

The Ecotech Agreement adds new elements on the basis of harmonizing and updating the contents of the CEPA texts and the ten Supplements in relation to economic and technical cooperation, enhancing the level of economic and technical cooperation between the Mainland and Macao.

Among which, specific chapters on deepening economic and

trade cooperation areas of the “Belt and Road” Initiative, deepening the development of Macao as a commerce and trade cooperation service platform between China and Portuguese-speaking countries (PSCs), and sub-regional economic and trade cooperation are provided to cater for the needs arising from future economic development, so as to raise the industrial cooperation between the two places to a new level of development.

15. The Ecotech Agreement includes new economic and trade cooperation areas in relation to the “Belt and Road” Initiative and sub-regional cooperation, what advantages can the trade of Macao capitalize on to participate in the related cooperation?

In terms of deepening cooperation in economic and trade areas of the “Belt and Road” Initiative, the specific chapter includes contents such as capitalizing on Macao’s advantages of being a world centre of tourism and leisure and a commercial and trade cooperation service platform between China and PSCs, and of featured finance, professional services, logistics, convention and exhibition, and personal networks of the family members of overseas Chinese, supporting the trade in participating in various development projects of the “Belt and Road” Initiative, supporting Macao in providing featured finance, convention and exhibition and other professional services for the development of the “Belt and Road” Initiative, as well as supporting the China-Portuguese Speaking Countries Cooperation and Development Fund in enhancing its role.

In terms of sub-regional economic cooperation, apart from reserving room for development for Macao’s participation in the development of the Guangdong-Hong Kong-Macao Bay Area, existing cooperation projects between Macao and various regions of the Mainland are also incorporated in the framework, including the Pan-Pearl River Delta Region, Pilot Free Trade Zones, cooperation

between Macao and regions such as Hengqin, Nansha and Qianhai, supporting the development of Jiangsu-Macao Cooperation Park, and supporting the deepening of cooperation between Macao and Zhongshan Cuiheng New Area, etc.

16. How does the Ecotech Agreement contribute to deepening the development of Macao as a commercial and trade cooperation service platform between China and PSCs?

In terms of deepening the development of Macao as a commercial and trade cooperation service platform between China and PSCs, the specific chapter proposes that, on the basis of the “Forum for Economic and Trade Co-operation between China and PSCs(Macao)” (Forum Macao),the two sides continue to capitalize on the advantages of Macao as the permanent hosting place of Forum Macao and the seat of the Permanent Secretariat of Forum Macao to promote the development of “One Platform, Three Centres” (Note 1) in Macao with a view to optimizing the function of promoting trade and investment between China and PSCs, giving full play to the role of enabling people-to-people exchange between China and PSCs and expanding the channels for cooperation between Mainland provinces/municipalities and PSCs. In addition, the specific chapter also supports Macao actively in forging a financial service platform between China and PSCs and developing a Renminbi clearing centre for PSCs, etc. with a view to promoting the development of feature finance in Macao.

The provisions display the content of Macao’s development as a commercial and trade cooperation service platform between China and PSCs, provide favourable conditions for the implementation of work in future, and sufficiently reflect the expectation, attention and support of the Mainland on Macao’s development as a commercial and trade cooperation service platform between China and PSCs.

(Note 1: “One Platform, Three Centres” refers to “Information-sharing Platform for Bilingual Professionals and Business Cooperation, Exchanges and Interaction between China and PSCs”, “Commerce and Trade Service Centre for Small and Medium Enterprises of Forum Macao Participating Countries”, “Convention and Exhibition Centre for Economic and Trade Cooperation between Forum Macao Participating Countries” and “Food Product Distribution Centre for PSCs”).)

17. Will there be any substantive measures introduced in major cooperation areas after the conclusion of the Ecotech Agreement?

The Ecotech Agreement does not cover market access commitments or substantive liberalization measures, but lays the foundation and charts the course for future cooperation between the two sides.

“Major cooperation areas” are sequenced by consideration factors such as the importance, scales and development prospects of Macao’s industries, reflecting specifically the own features of Macao’s economic development and demonstrating clearly the development trends and planning of Macao’s industries, making the Agreement respond better to the need arising from Macao’s development and favours the future commencement of work.

Apart from strengthening the cooperation measures in the existing areas, including 12 areas such as tourism, convention and exhibition, traditional Chinese medicine and medicinal products industry, finance, electronic commerce, etc., the Agreement includes cooperation in legal and dispute resolution and in accounting as two new major cooperation areas (Note 2), i.e. 14 areas in total, among which state expressly to promote the development of Macao as an arbitration centre for resolving commercial disputes between enterprises from China and PSCs, and at the same time enhance the training of and

exchanges between arbitrators of legal and dispute resolution from the Mainland and Macao. This measure does not only strengthen the arbitration system of Macao, but also highlights the important role of Macao as a commercial and trade cooperation service platform between China and PSCs.

(Note 2: The 14 major cooperation areas are: tourism, convention and exhibition, traditional Chinese medicine and medicinal products industry, finance, electronic commerce, environment, cooperation in legal and dispute resolution, accounting, culture, innovative technology, education, small and medium enterprises, intellectual property, trademark and branding.)

18. The Ecotech Agreement does not cover commitments on access to markets and substantive liberalization measures to provide basic conditions for future cooperation between the Mainland and Macao and clarify the direction for cooperation, how does it benefit the trade in general?

The Ecotech Agreement includes 14 major cooperation areas of which the contents are very specific and clear, such as strengthening training, publicity and promotion, and market supervision, etc. for cooperation in tourism, further facilitations for endorsement of travel documents of Mainland personnel visiting Macao and cross-border payment of convention and exhibition fees to the trade for cooperation in convention and exhibition, and supporting Macao in establishing an export credit insurance system for financial cooperation, etc. Such contents of cooperation provide favourable business conditions for the trade.

19. What areas of cooperation are included in trade and investment facilitation under the Ecotech Agreement?

In the area of trade and investment promotion, promoting trade

and investment between the two sides and PSCs is proposed in a targeted manner, contents in respect of statistics and tax administration are also included; In the area of quality supervision, inspection and quarantine, facilitations that favour the import of food products from PSCs into the Mainland through Macao are included with a view to forging a food product distribution centre for PSCs. Furthermore, content of cooperation in workforce training and employment and youth entrepreneurship is included to provide a wider space for Macao residents' professional development, youth entrepreneurship and career planning.

About Trade in Goods

20. What is Agreement on Trade in Goods of CEPA?

The Agreement on Trade in Goods systematically integrates the provisions related to trade in goods in the previous CEPA and its ten supplementary agreements, and offers enrichment with more content of cooperation in light of the levels and characteristics of the current rapid economic development of the Mainland and Macao. The Agreement covers areas such as rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade and trade facilitation measures in the Guangdong-Hong Kong-Macao Bay Area. The Agreement further enhances the level of trade facilitation between the two places, provides new impetus to the development of trade in goods between the two places, and further takes forward Macao's development of moderate economic diversification.

21. What are the principles and standards for the determination of origin of goods under the Agreement on Trade in Goods of CEPA?

According to the requirements set out in Article 7 of the Agreement on Trade in Goods, the principles and standards for the determination of origin of goods are:

- (1) the good is wholly obtained or produced in one side;
- (2) the good is produced in one side exclusively from originating materials;
- (3) the good is produced in one side using non-originating materials, provided:
 - (i) the good falls within the scope of application of the Product Specific Rules of Origin, and satisfies the applicable tariff classification change, regional value content, manufacturing or processing procedures or other requirements;
 - (ii) the good does not fall within the scope of application of the Product Specific Rules of Origin, but its regional value content under the build-up method satisfies the standard of higher than or equal to 30%, or its regional value content under the build-down method satisfies the standard of higher than or equal to 40%.

22. How to determine whether a good is wholly obtained or produced under the Agreement on Trade in Goods of CEPA?

According to the requirements set out in Article 8 of the Agreement on Trade in Goods, the following shall be considered as being wholly obtained or produced, and determined as goods originating from one side:

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

side;

(4) goods obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in one side;

(5) minerals and other naturally occurring substances, not included in sub-paragraphs 1) to 4) above, extracted or taken from its soil, waters, seabed or beneath their seabed;

(6) goods extracted or taken from the waters, seabed or subsoil, of which the right to exploit is owned by one side, outside the territory of that side, provided that that side has the right to exploit such waters, seabed or subsoil in accordance with the international treaties to which that side is a party or participates;

(7) fish or other marine products obtained by fishing conducted in the seas outside the territorial waters of that side by vessels registered or recorded with or holding a license issued by one side and flying the national flag of that side (for Mainland vessels) or the regional flag of the Macao Special Administrative Region of the People's Republic of China (for Macao vessels);

(8) goods processed/made on board factory ships registered or recorded with or holding a license issued by one side and flying the national flag of that side (for Mainland vessels) or the regional flag of the Macao Special Administrative Region of the People's Republic of China (for Macao vessels), exclusively from goods referred to in sub-paragraph 7) above;

(9) waste and scrap derived from processing operations in one side and are only used for the recovery of raw materials;

(10) waste and scrap articles consumed and collected in one side and are only used for the recovery of raw materials;

(11) goods produced in one side solely from goods referred to in

sub-paragraphs 1) to 10) above.

23. How to calculate regional value content under the Agreement on Trade in Goods of CEPA, is an enterprise free to choose between using the build-up or build-down method?

According to the requirements set out in Article 9 of the Agreement on Trade in Goods, the methods of calculating regional value content include the build-up and build-down method. Applicant enterprises may choose either one of the two methods based on their own situations. the calculation formulas of the two methods are as follows:

(1) Build-up method:

$$\text{Regional Value Content} = \frac{\text{Value of Originating Materials+ Labour Costs + Product Development Costs}}{\text{FOB}} \times 100\% \geq 30\%$$

(2) Build-down method

$$\text{Regional Value Content} = \frac{\text{FOB – Value of Non-originating Materials}}{\text{FOB}} \times 100\% \geq 40\%$$

24. CEPA has established 1,535 rules of origin in the past, what breakthrough has the enhancement of CEPA achieved in this respect?

The Agreement on Trade in Goods has established rules of origin for some 8,000 items of Mainland tariff code products, which is some

7,000 more comparing to the 1,535 rules of origin established by the previous CEPA. The Agreement saves the time of consultation needed for determination of rules of origin for every item of products, and allows enterprises to get an early grasp of the rules and requirements of origin of the products they intend to produce.

25. The enhancement of CEPA has included the *de minimis* requirements, how are they applied?

According to the requirements set out in Article 10 of the Agreement on Trade in Goods, a good that doesn't meet the change in tariff classification required in the Product Specific Rules of Origin (PSR) is nonetheless originating, as long as the value of non-originating materials that have been used by the good and do not undergo the applicable change in tariff classification does not exceed 10% of the FOB value of the given good.

26. The enhancement of CEPA has optimised the “accumulation” requirements, how are they applied?

According to the requirements set out in Article 11 of the Agreement on Trade in Goods, when calculating the regional value content, the value of raw materials originating in the Mainland can be regarded to be originating in Macao and taken into account. However, the regional value content without taking into account the value of goods or materials originating in the Mainland shall be, higher than or equal to 15% (build-up method) or 20% (build-down method).

27. What measures and arrangements have been simplified by the enhancement of CEPA for goods transported to the Mainland via Hong Kong?

According to the requirements set out in Article 18 (Direct

Consignment) of the Agreement on Trade in Goods, goods transported to the Mainland via Hong Kong shall be considered as complying with the direct consignment requirements. At the same time, the requirement of providing documents to evidence that the goods have not been processed in Hong Kong while processing customs clearance in the Mainland has also been cancelled.

28. What are the definitions of minimal operations and processes under the enhancement of CEPA?

According to the requirements set out in Article 12 of the Agreement on Trade in Goods, a product shall not be considered to be originating merely by reason of having undergone one or more of the following operations or processes:

- 1) preserving operations to ensure that the good remains in good condition during transport and storage;
- 2) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
- 3) packing, unpacking or repacking operations purposes of sale or presentation;
- 4) slaughtering of animals;
- 5) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;
- 6) ironing or pressing of textiles;
- 7) simple painting and polishing;
- 8) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- 9) operations to colour sugar or form sugar lumps;

- 10) peeling, stoning and shelling, of fruits, nuts and vegetables;
- 11) sharpening, simple grinding or simple cutting;
- 12) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles), cutting, slitting, bending, coiling, or uncoiling;
- 13) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other similar packaging operations;
- 14) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- 15) simple mixing of goods, whether or not of different kinds;
- 16) mere dilution with water or another substance that does not materially alter the characteristics of the goods;
- 17) operations whose sole purpose is to ease port handling;
- 18) a combination of two or more operations specified in subparagraphs 1) to 17).

29. If an enterprise has an opinion on the rules of origin established by the Agreement on Trade in Goods of CEPA, has the enhancement of CEPA established any mechanism for consultation between the two places?

The enhancement of CEPA has established a mechanism for consultation between the two places by setting up the Working Group on Rules of Origin under the mechanism of the CEPA Joint Steering Committee in accordance with Article 26 of the Agreement on Trade in Goods. The two sides may further optimise the rules of origin established by the Agreement on Trade in Goods. The revised rules of origin will be published and implemented by both parties' consent.

30. The Agreement on Trade in Goods of CEPA has included a

special chapter on promoting the customs clearance facilitation in the Guangdong-Hong Kong-Macao Bay Area, what does the cooperation include?

Accordance to Articles 67 and 68 of the Agreement on Trade in Goods, the Agreement emphasises that the trade in goods between the nine Pearl River Delta cities (Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing) and Macao is an integral part of the Agreement, and affirms to conform to trade rules of internationally high standard for promoting facilitation in movement of goods and taking forward trade liberalisation; expand and optimise the function of control points, promoting more facilitated customs clearance modes at the control points in the Bay Area in accordance with law to significantly enhance the clearance capacities and efficiencies of control points in Guangdong and Macao, with a view to establishing the Bay Area into a centre stage for showcasing the convenient and efficient flow of factors of production; give full play to the radiating and leading role of the Bay Area to propel the development of the Pan-Pearl River Delta region and establish a business environment of global competitiveness. Specific content of cooperation includes:

- (1) explore express cross-border customs clearance facilitation methods;
- (2) promote the development of single-window interoperability;
- (3) explore launching electronic cargo data sharing between the two places;
- (4) make public regularly the overall customs clearance time of goods;
- (5) explore innovative clearance modes such as “joint inspection, one-off release” and “inspection on entry, monitoring on exit”;

(6) promote mutual recognition of inspection and quarantine results of low-risk goods, excluding animals and plants and products thereof;

(7) explore the expansion of the range of trusted commodities and institutions under the third-party inspection, testing and certification results acceptance scheme, and grant express customs clearance treatment to such commodities and institutions;

(8) consider according customs clearance facilitation measures to food products processed in Macao with raw materials originated from the Mainland.

31. What optimisation has the Agreement on Trade in Goods of CEPA made on the term of validity of Certificate of Origin?

According to the requirements set out in Article 19 of the Agreement on Trade in Goods of CEPA, the term of validity of CEPA Certificate of Origin has been changed from 120 days to “one year”.

32. What optimisation has the Agreement on Trade in Goods of CEPA made on the content of declaration in the CEPA Certificate of Origin?

The number of items of goods declared under each CEPA Certificate of Origin has changed from not more than five to “multiple”.

33. In case a good falls within the application of the Products Specific Rules of Origin, or PSR, and the rule of origin for such good is “from other heading”, what does this mean?

“From other heading” means that upon the imported raw material of the good is processed in Macao, there is a change of 4-digit tariff code in the tariff classification of the resulting product under the Harmonized Commodity Description and Coding System. For example, suppose a product is made up of two different raw

materials, which are both imported from abroad, and their 4-digit tariff classifications are 1234 and 1235 respectively. These raw materials are processed in Macao into the finished product, of which the 4-digit tariff classification is 1236. This means that upon the raw materials are processed for production in Macao, there is a change in the 4-digit tariff classification of the resulting product, and thus meets the rule of origin for the good.