

The Role and Prospects of Macao in Cooperation Between China and Portuguese-Speaking Countries

Mengni Xin^{1,a,*}

¹*College of Western Languages and Cultures, Sichuan International Studies University, No. 33, Zhuangzhi Road, Shapingba District, Chongqing, China*

a. xmnina@sisu.edu.cn

**corresponding author*

Abstract: Macao, situated as a significant node along the 21st Century Maritime Silk Road, possesses a distinct advantage in serving as a platform for facilitating connections between China and Portuguese-speaking countries. Furthermore, it holds a crucial position as an intersection for promoting both domestic and international economic circulation. The tourism and casino sectors in Macao, which serve as its economic pillars, have seen significant disruptions as a result of the epidemic and other global circumstances, in light of the emerging era and associated issues. Macao can effectively leverage the “Belt and Road” initiative, capitalizing on its favorable policies, strategic geographical location, and robust trade exchanges. By doing so, Macao has the potential to inject renewed vigor and vitality into its developmental endeavors. Simultaneously, it can foster collaboration and interactions between China and Portuguese-speaking countries, while also making valuable contributions to the progress of the “Belt and Road” initiative.

Keywords: Macao, Portuguese-speaking countries, Belt and Road

1. Introduction

Scattered across four continents—Europe, Asia, Africa, and Latin America—the Portuguese-speaking countries are Portugal, Brazil, Timor-Leste, Angola, Mozambique, Cabo Verde, Guinea-Bissau, and São Tomé e Príncipe, also referred as Community of Portuguese Language Countries (CPLP), which established in 1996. Macao SAR holds a unique and significant position in the bilateral relations between China and Portugal. In December 2005, China and Portugal made a joint announcement regarding the establishment of a comprehensive strategic partnership. They also effectively utilized the mechanism known as “The Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries (Macao)” or Forum Macao. In recent years, Macao has become a prominent hub for the advancement and cooperation between China and CPLP nations across the globe, primarily due to its advantageous policies and rich historical context. Macao plays a significant role in the “Belt and Road” initiative (BRI) by actively promoting the enhancement of relations between China and Portuguese-speaking countries.

Macao is characterized by its low-tax environment, with the exception of the gaming tax. Additionally, the region has implemented a linked exchange rate system, indirectly tied to the U.S. dollar. This arrangement has proven beneficial in addressing the issue of excessive foreign exchange reserves in certain countries. Furthermore, Macao is globally recognized as a free port.

The economy of Macao is predominantly reliant on the gaming industry, which has attracted substantial private capital. The significant concentration of private capital in Macao contributes to its distinctive advantage in terms of capital accumulation. The capital advantage of Macao plays a crucial and indispensable role in the development of the Belt and Road initiative. The financial dimension primarily manifests itself within the banking sector. The banking services in Macao exhibit a significant degree of internationalization, encompassing a diverse array of businesses and services that span across nearly all countries along the Belt and Road initiative. The financial services offered in Macao are characterized by their exceptional quality, and the regional influence of these services is steadily expanding. Consequently, Macao is well-positioned to offer robust financial support for the construction of the Belt and Road initiative.

Due to some historical reasons, Macao and Hong Kong are under the management system of “one country, two systems”, that is, based on adhering to the “one China” principle, the implementation of a capitalist system different from the socialist system of mainland China. In addition, Macao enjoys independent legislative, judicial and administrative powers. Therefore, Macao is a free port, with less restrictions and a more flexible system, and can circumvent some institutional obstacles in the construction of the “Belt and Road”, and get a better development, which is a unique advantage of Macao [1].

On the one hand, Macao is a city of immigrants, many expatriates from other countries live in Macao, and there are three major types of local languages in Macao, namely Cantonese, Portuguese as well as English. This openness, the preservation of the Portuguese language and the acceptance of Portuguese as one of the official languages have given Macao the external autonomy needed to develop close relations with the former Portuguese colony [2]. On the other hand, Macao is also known as a society of associations. This is mainly due to the fact that there are about 6,000 associations, large and small, formed in Macao, either because of clans, or because they are from the same country, or because they share the same hobbies, or live in the same community, etc. The growth and development of clan and hometown representatives reflects the fact that Macao is a city that attaches great importance to the traditional clan concept, as well as to family exchanges and traditional culture. In addition, Macao is also a cultural exchange center, so Macao has an advantage of cultural intermingling.

2. Macao's role as a “bridge”

Macao has historically held significant prominence as a key waypoint along the “Maritime Silk Road”. Presently, it continues to possess an indispensable role and exert substantial influence in the development of the BRI, particularly in relation to the 21st-century “Maritime Silk Road”. The significance and impact of Macao are indispensable. Macao serves as a crucial nexus for connecting the vibrant economic spheres of East Asia, Latin America, Europe, and Africa, each of which possesses significant potential for growth and development. China's collaboration with developed industrial nations, such as Portugal, in the pursuit of third-party markets serves the dual purpose of circumventing superfluous competition and presenting a novel framework for enhancing global governance and rectifying global development disparities. The user's text is too short to be rewritten academically. According to Zhiyi Ma, the Director of the Strategic Research Committee of the Macao Chinese Chamber of Commerce and Industry, this statement was made. Macao possesses a distinctive role to fulfill within the framework of the BRI [3]. The region possesses a distinct geographical advantage as well as the institutional advantage of the “one country, two systems” framework. Macao functions as a free port of trade and operates as an autonomous customs territory. Its legal system and business practices align closely with those observed in certain Portuguese-speaking countries and regions. Macao possesses the potential to assume a distinctive role in facilitating the country's continued advancement on the global stage [4].

All industries in Macao are eagerly preparing to establish their presence and achieve significant accomplishments. Since the inception of the BRI, various sectors within the Macao community have proactively endeavored to assimilate into the comprehensive development of the nation. By capitalizing on the collaborative construction of the “Belt and Road”, Macao has assumed the role of a crucial intermediary, facilitating connections and fostering relationships with Portuguese-speaking countries [5]. It has assumed the role of a mediator and connector in facilitating economic and trade interactions between Portuguese-speaking countries and ASEAN countries. Additionally, it has actively engaged with overseas Chinese communities to collaboratively explore market opportunities along the BRI.

In late 2018, the National Development and Reform Commission (NDRC) of China entered into an agreement with the MSAR Government. The purpose of this agreement, titled the Arrangement on Supporting Macao's Full Participation in and Contribution to the Construction of “Belt and Road”, was to facilitate Macao's involvement in the Belt and Road Initiative. The agreement primarily focused on fostering financial cooperation, promoting economic and trade exchanges, and facilitating humanistic exchanges. These efforts aimed to enhance talent development and expand business opportunities in Macao. Since the start of 2019, Macao has implemented various initiatives, including the issuance of thematic bonds related to the BRI and participation in the “Belt and Road” tax collection and management cooperation mechanism. These efforts aim to facilitate the internationalization of the Chinese currency (RMB) and contribute to the overall development of the Chinese economy. During the second session of the China International Import Expo, Macao showcased its dedicated themes, namely “Macao as a service platform for trade cooperation between China and Portuguese-speaking countries” and “Exploring business opportunities through the convergence of the East and the West.” The introduction provided valuable information, presenting a multitude of opportunities and expansive prospects that have expanded the potential for development and collaboration among numerous enterprises in Macao. The recent years have witnessed the emergence of Forum Macao and Guangdong-Hong Kong-Macao Greater Bay Area (GBA), which have significantly revitalized the collaboration between China and Portuguese-speaking countries.

Macao serves as a crucial intermediary connecting China and Portuguese-speaking countries, garnering support from various governmental bodies, institutions, civil society organizations, and initiatives. The most prominent among these is the Forum Macao [6]. This organization stands as the sole entity facilitating collaboration between China and Lusophone nations. The establishment of the Forum Macao took place in 2003, with the active involvement of nine countries that share Portuguese as their official language. For China, trade cooperation with Lusophone countries is of profound importance due to the overall potential of former Portuguese colonies in international trade and geopolitical networks [7]. Based on data provided by the General Administration of Customs of China, the commerce in imports and exports between China and Portuguese-speaking nations experienced a significant increase from \$11 billion in 2003 to \$145.185 billion in 2020 [8].

Take the economic, trade and investment cooperation between China and Portuguese-speaking countries as an example, the total merchandise trade between them was \$6.056 billion in 2002 and reached \$149.639 billion in 2019, an expansion of 24.7 times [9]. The number of cooperation areas under the framework of the Forum has increased from 7 in 2003 to nearly 20 in 2018, extending from traditional areas such as intergovernmental cooperation, tourism, culture and public health to new areas such as maritime, environmental protection and production capacity. Since its creation, the Forum has actively helped Portuguese-speaking countries to reduce poverty and escape from poverty, and China has signed preferential loan agreements with Portuguese-speaking countries in Asia and Africa for a total amount of RMB 6.09 billion, reduced or waived RMB 230 million of maturing debts,

trained 7,600 talents of all kinds for relevant countries, and promoted the teaching of Portuguese and the “Chinese language fever” in Portuguese-speaking countries.

The Greater Bay Area comprises the two Special Administrative Regions of Hong Kong and Macao, in addition to the nine cities located in Guangdong Province commonly referred to as the “Pearl River Delta” cities. It is worth noting that Macao exhibits the highest per capita GDP, which stands at around 550,000 RMB. The GBA is of great strategic importance in China's overall economic development. It is recognized as one of the most economically dynamic and open regions in the country. This region's significance is further enhanced by the presence of Macao's “China and Portuguese-speaking countries Cooperation Platform” mechanism, which facilitates cooperation between China and Portuguese-speaking countries. The development of the three centers within the China-Portugal Platform (China-Portugal Business Service Center for Small and Medium Enterprises, Food Distribution Center for Portuguese-speaking Countries, and China-Portugal Economic and Trade Cooperation Exhibition Center) [10] will contribute to the expansion of the Greater Bay Area and its interconnected growth. This will enhance the establishment of the platform mechanism for the development of China and Portuguese-speaking countries across the entire GBA. It will further stimulate a more advanced level of development within a broader economic context. Consequently, it will assume a more significant role as a connecting and bridging element in the process of deepening and strengthening relations between China and Portuguese-speaking countries [11].

3. Conclusion

The special nature of Macao, a special region under the policy of “one country, two systems” and has both Chinese and Portuguese as official languages, allows itself to be more inclusive and better connect the Chinese mainland with Portuguese-speaking countries. In this light, Macao assumes a strategically complementary role in China's diplomacy, trade and economy [12]. The creation of the Forum Macao has also enabled the Chinese government to make more effective use of Macao's advantages, to further bring the Portuguese-speaking countries closer together and to open the doors of the world. Obviously, there are plenty of opportunities for future development of China and Portuguese-speaking countries within the platform of Macao.

First, the opportunity of facility connection. Most of the countries along the “Belt and Road” are developing countries, most of which are now in a period of rapid industrialization and have a large demand for facilities, but the construction of facilities in these countries is not enough to meet these needs. The Chinese mainland has a lot of construction equipment and materials, but due to the distance, it needs a bridge to bring this advantage into play, and a city that can act as a bridge and build a platform, and Macao just meets this condition.

Second, the opportunity of smooth trade flow. China maintains trade relations with many countries along the “Belt and Road”, that also emphasizes the principle of mutually beneficial and win-win trade, strengthening communication between countries, conducting trade exchanges on an equal and reciprocal basis, eliminating trade barriers, improving efficiency, and promoting free trade relations among economies. Macao, as one of the important nodes of the Maritime Silk Road, has naturally gained some opportunities for trade development, especially with some Portuguese-speaking countries, which is of great advantage in promoting Macao's economic development, and is also conducive to breaking the bottleneck period of Macao's economic development and giving a new impetus to development.

Third, the opportunity of capital financing. The “Belt and Road” is committed to promoting financial cooperation among countries and building a regional financial risk warning system. Therefore, it involves a lot of work in the financial field, and the demand for financial capital is relatively large, which is a very good opportunity for the development of the financial industry. The role of finance in promoting development is great, and financial cooperation among countries brings

giant opportunities for the development, which is of magnificent significance in promoting the internationalization and standardization of Macao's financial industry.

Fourth, the opportunity of people-to-people contact. In addition to economic development, the "Belt and Road" also pays special attention to cultural exchanges and development, and it also provides an opportunity for cultural exchanges and academic interactions between countries, which is conducive to promoting the communication and development of cultural industries. As a city with a capitalist system within a socialist country, Macao is itself a meeting point between Chinese and Western cultures, so the significance of the Belt and Road in promoting cultural exchanges is particularly evident in the city of Macao. With the gradual development of tourism, more and more people from the Belt and Road countries are visiting Macao, which is conducive to both the development of Macao's tourism industry and the cultural exchange and interaction between countries, as well as to the building of Macao as a world center of tourism and leisure.

4. Future Perspectives

In alignment with the Outline of the Greater Bay Area Development Plan, the government of Macao has extensively integrated its backing for the construction of the GBA into its initial five-year plan. Moreover, the government has released specific guidelines for the execution of this plan on an annual basis. This initiative is expected to facilitate the integration of Portuguese-speaking countries into the development of the Greater Bay Area via Macao. Furthermore, the prospects for future economic and trade cooperation between China and Portuguese-speaking countries appear to be favorable.

The anticipated growth of bilateral trade and economic cooperation between China and Portuguese-speaking countries is expected to result in an expanded scale. In recent years, China has experienced significant advancements in economic and trade collaboration with CPLP. The total value of goods imported and exported by both sides in 2021 will be US\$ 2009.48 billion, an increase of 38.41% year-on-year. China's imports from Portuguese-speaking countries will be \$136.134 billion, up 33.53% year-on-year, while exports to Portuguese-speaking countries will be \$64.814 billion, up 49.91% year-on-year, a record high [13]. The GBA possesses a distinctive geographical location, characterized by a significant resident consumption capacity within the region, a diversified industrial structure, and a robust production capacity. China and CPLP countries have mutually supported one another in their collective efforts to combat the epidemic, thereby strengthening their bilateral relations. It is anticipated that in the forthcoming years, there will be a notable advancement in the import and export activities of goods and services between China and Portuguese-speaking countries. They are expected to see a steady increase in trade and economic cooperation with China as a result of the import and export of goods and services that are expected to reach a new level in the future.

Additionally, the development of new digital economic and trade cooperation space between China and Portuguese-speaking countries will be facilitated by leveraging technological innovation in the Greater Bay Area. Its primary objective is to establish an internationally recognized hub for scientific and technological innovation. Additionally, it aims to position itself as a prominent model region for the advancement of low-carbon, environmentally friendly digital technology and digital currency within the nation. The creation and advancement of the science and technology innovation center will bring about a fresh impetus to the collaboration between China and Portuguese-speaking nations in the domains of environmentally friendly digital industry, digital economy and trade, and financial digitization.

Moreover, the establishment of a globally renowned urban agglomeration within the GBA will play a pivotal role in fostering a novel paradigm for trade and economic collaboration among Chinese and CPLP countries. By starting with cities, the GBA construction project will create a new framework for trade and economic cooperation between China and Portuguese-speaking countries. This will be achieved by realizing interconnection of infrastructure, optimizing systems for the

production and consumption of low-carbon urban energy, and encouraging the growth of green and energy-efficient buildings in urban areas. Over time, this will create a new framework for trade and economic cooperation between China and CPLP.

Lastly, it is imperative to foster bilateral investment, facilitate the expansion of production capacity collaboration, and elevate the degree of economic, trade, and investment cooperation between China and CPLP countries. The primary focus of the Greater Bay Area's development will be on the principle of open development, aiming to facilitate the expansion of investment areas and their scale in Portuguese-speaking countries. The aforementioned objective will be accomplished by facilitating reciprocal investment and encouraging further investment initiatives from CPLP countries to establish their presence in the GBA. The ultimate goal is to create a new framework for trade and economic exchange between China and Portuguese-speaking countries outside of the current cycle, as well as to promote circular and optimal development within the Area.

References

- [1] Sun, J., & Pan, H. (2016). *The strategic positioning of "Belt and Road" and the opportunities of Macao*. *Modern Management Science*, (1), 27-29.
- [2] Mendes, C. A. (2014). *Macau in China's relations with the lusophone world*. *Revista Brasileira de Política Internacional*, 57(special edition), 225-242.
- [3] Ma, Z., Xu, Y., & Liang, H. (2016). *The Organic Integration of China-Portugal Platform and Belt and Road*. *Associação Comercial de Macau*. Retrieved from <http://www.acm.org.mo/index.php/acm-info/activities/page-2413/view/2441>.
- [4] Xinhua. (2017). "Belt and Road" Brings Unprecedented Opportunities to Macau - Interview with Hao Yufan, Chairman of Macau Think Tank. Retrieved from http://www.xinhuanet.com/world/2017-06/07/c_1121104564.htm.
- [5] Wang, L. (2019) "Belt and Road": New Horizons for Macau's Development. *China Today*, 12, 35-37.
- [6] Mendes, C. A. (2013). *A Relevância do Fórum Macau: O Fórum para a Cooperação Económica e Comercial entre a China e os Países de Língua Portuguesa*. *Nação e Defesa*: pp. 279-296.
- [7] Vogt, W. J. (2017). *China and Lusophonia: A Compatible Alliance Network?*. *China Quarterly of International Strategic Studies*, 3(04), 551-573.
- [8] Ministry of Commerce of the People's Republic of China. (2021). *Total value of imports and exports between China and Portuguese-speaking countries in December 2020*. Retrieved from <http://www.mofcom.gov.cn/article/i/dxfw/gzdz/202102/20210203039673.shtml>.
- [9] DSEC- Governo da Região Administrativa Especial de Macau Direcção dos Serviços de Estatística e Censos. (2020). *Macau Profile 2020*. Retrieved from https://www.dsec.gov.mo/getAttachment/c0772035-de8f-4bbd-bc28-ed8549ffd39a/C_MN_PUB_2020_Y.aspx.
- [10] Zhang, M. (2021). *New Opportunities for the Macau SAR and Prospects for Sino-Portuguese Economic and Trade Cooperation*. *Overseas Investment and Export Credit*, 4, 4.
- [11] Chen, Z. (2019). *Macau in the Construction of Guangdong-Hong Kong-Macau Greater Bay Area: Opportunities, Challenges and the Way Forward*. *Research on United Front Studies*, (4): 47-55.
- [12] Costa, C.M. (2020). *O Discurso chinês para os Países Africanos de Língua Portuguesa: o papel do Forum Macau*. *Relações Internacionais*. 65: pp. 43-55.
- [13] *Secretariado Permanente do Fórum para a Cooperação Económica e Comercial entre a China e os Países de Língua Portuguesa (Macau)*. (2022). *Anuário 2021*.