

**MACAU IN THE CONTEXT
OF
EU-CHINA RELATIONS**

EPG REPORT

**Versão definitiva
24 de Janeiro de 2000**

MEMBERS OF THE GROUP

PRESIDENT

Peter Sutherland (Ireland): Chairman of BP-Amoco, former EU Commissioner, former Director-General of GATT/WTO.

MEMBERS

Willem Van Eekelen (Netherlands): Member of the Dutch Senate, former Minister of Defence, former State Secretary of European Affairs, former State Secretary of Defence, Secretary-General of WEU (1989-1994).

Lord Wright of Richmond (United Kingdom): Chairman of the Royal Institute of International Affairs, Non-Executive Director of BP, former Permanent Under-Secretary of State at The Foreign and Commonwealth Office and Head of the Diplomatic Service, former Ambassador to Syria, Luxembourg and Saudi Arabia.

Fernando Morán (Spain): Member of the European Parliament, former Minister of Foreign Affairs, member of PSOE.

Gunther Rinsche (Germany): Chairman of the European Parliament Delegation for the relations with Southeast Asia and ASEAN, President of Konrad-Adenauer Foundation, Member of CDU Political Commission, Leader of the German delegation to the European Popular Party.

Álvaro de Vasconcelos (Portugal): Director of the Instituto de Estudos Estratégicos e Internacionais (IEEI), Member of the Council of Directors of TEPSA and EUROMESCO.

PERMANENT EXPERTS

Richard Louis Edmonds (United Kingdom): Editor of *The China Quarterly*, Senior Lecturer in the Geography of China at the School of Oriental and African Studies, former visiting professor at the Universidade de Macau and lecturer at the University of Hong Kong.

Miguel Santos Neves (Portugal): EPG Executive Co-ordinator. Head of the Asia Programme at the IEEI, Member of the Young Leaders Symposium of ASEM, former expert to the Portuguese delegation to the Joint Liaison Group on Macau on the international status of Macau.

Gary Ngai (Macau): President of Fundação Sino-Latina, former Vice-Chairman of Instituto Cultural de Macau.

INTRODUCTION

The Eminent Persons Group (EPG) on Macau was formed in May 1998 on the initiative of the Portuguese Institute of International and Strategic Studies (IEEI). It is composed of an independent group of European dignitaries from different EU countries who agreed, in their private capacities, to carry out a joint reflection on the role Macau might play in the context of European Union-China relations in the 21st century. The EPG also includes a panel of experts who have assisted the Group in its deliberations.

The EPG set three main objectives for its mission. First, to reflect on the future relations between the EU and Macau and above all the potential role Macau can play in the context of future EU-China relations. Secondly, to produce a report with the main conclusions and concrete, pragmatic recommendations for EU institutions. Thirdly, to establish means to strengthen the profile of Macau in Europe and to raise the interest of EU institutions, member states, business circles and European citizens on the significance of Macau as a bridge between China and Europe.

In order to achieve these objectives, the EPG members maintained contacts and held meetings and interviews with different personalities in Europe, Macau and China. Three fact-finding trips were organised, the first one to Macau in June 1998, the second to Beijing in January 1999 and the third to Macau in September 1999. These visits provided the EPG members with the opportunity to gather relevant and up-to-date information and listen to a wide spectrum of views from different circles, ranging from ministers, politicians and public officials, to business organisations and entrepreneurs, academics and research institutions.

We have been able to reach a fundamental conclusion that Macau can play a role as one of the bridges between China and Europe. For that to happen, we have to make sure the bridge's basic structure is consolidated and that we increase the flow

of traffic in both directions. This will require some creativity and above all greater engagement and a proactive strategy on the part of the EU and its member states. Only in this way will Europe be able to contribute, together with China, to Macau's future as a bridge between Europe and China. The successful implementation of China's "one country, two systems" formula is an important condition to enable Macau to fulfil that role.

1. MACAU'S HISTORICAL ROLE IN THE DEVELOPMENT OF RELATIONS BETWEEN EUROPE AND CHINA

Unlike other cities in China, Macau was the first and last European settlement on Chinese soil. Portuguese were settled there as early as the 16th century. Using modern Chinese jargon, we can say that Macau was the earliest Chinese special zone open to the West. It has been such for over 4 centuries, and will remain so after the handover of this tiny enclave from the Portuguese to the Chinese authorities on December 20 1999. After the handover Macau is supposed to function under China's "one country two systems" formula similar to Hong Kong and what the PRC proposes for Taiwan.

Macau has always been small in size, starting from a narrow isthmus not more than 4 square km in the 16th century on the Western side of the Zhu (Pearl) River Delta, when it was turned from a fishing village into a Portuguese permanent settlement for trade. Today, it has become a modern small city, but still limited to 24 square km, including the two adjacent islands Taipa and Coloane, plus land reclamation which has doubled the size of the peninsula.

Despite the vicissitudes throughout the last four-and-a-half centuries, and neglected by the international community after it fell into the shadow of neighbouring Hong Kong during the last century, Macau is, as Macau people say, "small but splendid". Throughout those centuries, it has contributed to modern

history by acting as a bridge bringing East and West, China and Europe, closer together in terms of trade and culture.

Macau was able to survive and flourish, because in a sense it served as an intermediary between the mighty but relatively closed empire of the Middle Kingdom and the European-centred capitalist world.

That said, a maritime silk route was opened by the Chinese eunuch navigator Zheng He in seven expeditions to the West from 1405 till 1433, reaching as far as the Red Sea and the eastern coast of Africa. However, these missions mysteriously came to an end and the China of the late Ming dynasty had pursued an isolationist policy when, one hundred years later, the maritime silk route was reopened from the opposite direction by the Portuguese navigators. This resulted in a sea link between Western Europe and East Asia through Macau which was then the most convenient point of access to Guangzhou (Canton). It was the only open port for external trade during the late Ming Dynasty. The Portuguese were allowed to settle in Macau, by paying annuities to the Ming Court, and by respecting Chinese rules and customs.

The Macau-Japan trade, the Macau-Mexican trade through Manila, the Macau-Siam-Cambodia trade, the Macau-Macassar-Flores-Solor-Timor trade, and last but not least, the Macau-Malacca-Goa-Lisbon trade made Macau an important entrepot between the Chinese empire and the Western expansion to the Asia-Pacific hemisphere during the 16th and 17th centuries. Macau experienced its Golden Age of sea trade between 1580 and 1640, bringing profits, not only to Portugal, but also to China, before the Portuguese monopoly on sea trade was challenged in sequence by the Spanish, Dutch, French, and the British.

According to some sources, the benefits from business and the suppression of piracy with the help of the Portuguese, had diminished the Chinese fear of Macau as a foreign threat to Chinese rule. In line with this view, it is pointed out that the Ming historical records revealed that the foreign settlement in Macau extending to over a thousand houses (with a presence of over ten thousand foreigners by the

end of the 16th century), was permitted although the Portuguese and Macau were never recognized by the Ming Court as part of their tributary system.

When the Ming Dynasty was replaced by the Qing in the 17th century, foreign settlement was still restricted to Guangzhou. This had the effect of causing Macau to be opened to other European traders as a place of residence before going to or coming from Guangzhou. Foreign ships had to be examined by Chinese customs officers in Macau before they were allowed to sail up to Guangzhou. Therefore, by the end of the 18th century and beginning of the 19th century, Macau had a significant European community.

The British writer, Austin Coates, amongst others, observed that each summer and autumn Macau was full of European visitors waiting for either their ships to be weighed at Taipa, or for departure permits to be issued. Macau emerged as the obligatory residence or intermediate stage for all foreigners doing trade with China, all of it through Guangzhou. Since the European companies were obliged to establish headquarters in the Portuguese settlement, this was to Macau's commercial benefit. In Coates' phrase, "Macau became the outpost of all Europe in China".

The Chinese recorded that initially the powerful Dutch and British East India Companies had their foothold in Macau. They were followed by the French, Swedes, Danes and Prussians, with their consulates-general or consulates. However, in 1888 only eight European consulates were left: Germany, Austria, Belgium, France, Spain, the United Kingdom, Italy, and The Netherlands. According to Chinese records, Macau had turned into a "paradise" for Europeans and its population increased rapidly.

In summing up the first three centuries of Macau's existence as an important trade entrepot, we can say that the China-Europe relationship through Macau was mainly based upon mutual benefit and some degree of mutual respect. Even if there are different interpretations of the benefits, the increasing trade brought cultural exchange between East and West.

Almost from Macau's foundation, a church presence was established. The "City of the Name of God" (*cidade do Nome de Deus*) as Macau was known, became the centre of the first diocese of the Catholic Church in East Asia in 1575. In 1594, the S. Paulo College, the first university of a western style in the East Asia was established in Macau, to train the Jesuits in the Chinese language, culture and customs, before their missionary work in China. The Jesuits came from different nations in Europe and were the first generation of Sinologists. They included Matteo Ricci (Italian), Nicolaus Trigault (French), Adam Schall von Bell (German), Tomaz Pereira (Portuguese), Ferdinand Verbiest (Flemish). The Jesuits together with their Chinese counterparts trained in Latin languages, such as Wu Li, Xu Guangqi, Mei Wending, Li Zichau, He Guodong, brought about a two-way exchange of culture, by translating and introducing Western mathematics, astronomy, physics, architecture, medicine, weaponry, the art of printing, music, and fine art, amongst other things, to the East, and introducing Chinese philosophy, literature, medicine, tea, porcelain, lacquerware, architecture and painting to the West.

This significant cultural interchange was one of Macau's greatest contributions to history. It was made possible because of relative mutual tolerance. The remaining ruins and façade of S. Paulo Cathedral with its oriental design elements, are a symbol of Macau's multi-cultural identity. The multi-cultural identity involves the coexistence, interaction and blending of both East and West, in areas of folklore customs, architecture, literature, painting, music and gastronomy.

This cultural interflow has had a social impact on both East and West. On the one hand, it contributed to a better and deeper understanding in the West about the East and to a new style of art, the Rococo style. On the other hand, many influential thinkers and leaders in China, most of whom came from areas near to Macau in the South – such as Hung Xiuchuan, Wei Yuan, Lin Zexu, Kang Yuwei, Liang Qichao, Zheng Guanying and Sun Yat-sen – had access to advanced Western learning, which trickled into China through Macau.

This process of learning from each other was interrupted by the increasing violence engendered by the opium trade culminating in the Opium War in 1840. This set a bad example of inequality and coercion. It also had a negative impact on Macau, where the Portuguese took advantage of the Qing Government's corruption and vulnerability to expand their settlement, expelling the Chinese officials from the territory, and depriving them of their sovereign rights, including the judicial and customs rights in Macau. This was an important moment in the decline of Macau as China's main entrepot in the South. It was substituted by the emerging British colony of Hong Kong. As a matter of fact, after the establishment of Hong Kong in 1842 they had to rely upon the assistance and expertise provided by Macau. In fact, the most powerful British companies in Hong Kong, like Jardine Matheson, originally operated in Macau.

Nevertheless, Sir G. Bowen, British Governor of Hong Kong, when visiting Macau in 1883, noted the difference between Hong Kong and Macau. He said that Macau was distinguishable from all British colonies in the way, as with the French and Spanish colonies, it allowed elected representatives to sit in the National Parliament in Lisbon. However, the Chinese who contributed most of the local revenue were ostensibly excluded from this democratic process.

During World War II Macau provided shelter, protection and humanitarian assistance to thousands of refugees trying to escape the atrocities of war. After the 1949 Revolution, Macau remained, even in periods when China was blockaded, something of a window from China to the West, with some free flow of immigrants, capital and trade.

2. MACAU'S TRANSITION PROCESS

After the signing of the Sino-Portuguese Joint Declaration in 1987, Macau entered its transitional period. This is now in its final stage. During the transition, Macau has had to tackle problems quite different from those of Hong Kong. The main

challenges of the transition remain the restructuring of the economy, the localisation and reform of the public administration, the preservation and localisation of the legal system and dealing with organised crime.

The decline of the economy in the second half of the 1990s, after positive growth rates in the first half, had its roots in the structural changes that occurred in the beginning of the decade. These were, *inter alia*, associated with the migration of labour intensive industries to mainland China and Southeast Asia, speculation in the real estate market (resulting in 40.000 empty flats) and the weak connections Macau has with the Zhu (Pearl) River Delta. As a consequence the Macau economy entered a difficult period, even before the Asian financial crisis commenced, and experienced a significant slowdown in 1995 to be followed by three consecutive years of negative growth in 1996 (-0.5%), 1997 (-0.1%) and 1998 (-4%).

The main factor causing this slowdown was the significant decline in investment, in particular private investment, which dropped 11.5% in 1995 and 29.4% in 1996. Public investment also experienced a slowdown from 21% in 1995 to 7.7% in 1997 following the completion of major public works projects.

The second major contribution was the stagnation in 1996 (0.5%) and the decline in 1997 (-1.4%) in the export of goods and services. This was mainly explained by the important decline in the services sector (-6.6%) in 1997, in particular in tourism.

So, while the Asian financial crisis was not the direct cause of the difficulties experienced by the Macau economy in the 1990's it had started to have some impact on Macau in 1997. Nevertheless, the impact of the crisis was less severe than in other parts of Asia partly because the Macau economy is strongly dependent on Hong Kong which, in turn, was initially better able to resist the Asian turmoil than some other economies. However, with the first signs of the crisis emerging in Hong Kong where the economy is now experiencing negative growth and rising unemployment, the effects of the Asian crisis are likely to grow

in Macau. However, it has been also fortunate in having the indirect protection of HK and China in order to resist the current financial turmoil, without suffering a devaluation of its currency, the pataca.

Another positive factor which helps to moderate the negative impact of the crisis, is that the gambling industry (which has been the mainstay of Macau's economic survival accounting directly for at least 33% of GDP), was less affected than other sectors by the crisis. Initially, it recorded a growth of 4.5% in 1997, with taxes from the gambling industry increasing from around 50% in 1996 of total government revenue to over 60% in 1997, but then declined in 1998.

Tourism, which constitutes over 40% of Macau's GDP was hit by the Asian crisis, as fewer visitors are coming from Southeast Asia, Japan and South Korea. The decrease of visitors coming to Macau (from the peak of 8 million visitors in 1996, 20 times the population of Macau, to 7 million in 1997) also relates to the fact that gamblers are mainly from Hong Kong and their numbers have been declining.

In spite of the present difficulties Macau's economy has some strong points which can contribute to a successful recovery. In particular it has sound macroeconomic conditions as Macau has a balanced budget, no external debt and a comfortable level of foreign reserves (USD 2.5 billions in 1998). Secondly, the complex of physical infra-structures which was built since the early 1990's, in particular the airport, is an important asset likely to enhance Macau's competitiveness and capacity to attract investments.

There is a need to guarantee the continuation of the public administration and to preserve the legal system through localisation. These two fundamental dimensions of the transition process are crucial conditions for the successful functioning of the "one country, two systems" model as they have been in Hong Kong. There is an expressed concern about the lack of a trained and qualified pool of local human resources to substitute for the Portuguese expatriates who may decide to leave. There is, therefore, an urgent need to create incentives, regulations and guarantees for some experienced Portuguese administrators to stay and work for the future

SAR, in particular in the areas related to the judicial system, not only to prevent a vacuum, but also to avoid a drastic reduction of the size of the foreign community in Macau, which is now only 4,000 or 1% of the local population. On the other hand, there is also a need to reverse the “brain drain” and create incentives to attract qualified human resources from Macau who are presently working abroad in order for them to return and work in Macau.

The Macau legal system, based on European continental law, is a cornerstone of the “one country, two systems” formula and one of the fundamental dimensions of the Macau identity. The preservation of the system depends on the continued training of local professionals who can operate the system efficiently. The successful implementation and efficient operation of the legal system is an important condition in preserving Macau’s identity and enabling the territory to play the role of a bridge between China and Europe.

3. THE INTERNATIONAL STATUS OF MACAU

The importance of international ties for the future of Macau and the need to build up Macau’s international profile have recently been recognised. This has happened as a direct consequence of the beginning of Macau’s transition process in 1987 with the signature of the Sino-Portuguese Joint Declaration. This was facilitated by the joint obligations contained in the Joint Declaration, originally designed for Hong Kong but then extended to Macau, to support the expansion of external relations.

In the past Macau has enjoyed a low international profile. This is mainly explained by the fact that Macau is not an important international economic centre. It has low levels of international investment and indeed “foreign” investment is dominated by inflows from China and Hong Kong. The small size of the international community living in Macau combined with the reduced flow of international information and the low level of internationalisation of its media and

higher education sectors also explain why Macau remains a small economy which has not yet found a specific role to play either in the world or in the region. So, Macau cannot match Hong Kong where the formal international status is the corollary of a substantive real economic presence based on trade and its role as an international financial centre.

Since 1987 efforts have been made both by Portugal and China to strengthen Macau's international profile in particular by expanding its participation in multilateral organisations. As a consequence of these efforts Macau's international status has improved somewhat. However, at present, Macau's international profile is still relatively low, fragmented and government-centred.

The bilateral relations of Macau are also limited. Macau gets very little attention from members of the international community. There is not one foreign consulate autonomously represented in Macau. All consulates are based in, and operate from, Hong Kong and pay relatively little attention to Macau. It is clear that the presence of foreign diplomats in Macau would be an important link to the world. However, efforts to achieve the objective of persuading foreign countries to open autonomous consulates in Macau can only have any reality if these are justified.

In addition, Macau does not yet possess a network of external representation such as economic and trade offices in major countries, with the exception of Brussels (EU) and an office in Lisbon (*Missão de Macau*). External representation is an essential way of underlining the continuing identity of Macau, as foreseen in art. 141 of the Macau SAR Basic Law. It is clearly very important that Macau should have a permanent presence in Geneva to cover the World Trade Organisation. Depending on an evaluation of current economic relations and without offering a view of the validity of the analysis, the following places have been mentioned to us as examples: São Paulo (Brazil); Maputo (Mozambique to cover also South Africa); Frankfurt (Germany); Barcelona (Spain); Paris (France); New York or S. Francisco (United States); Singapore. In this field the possibility to develop in the future some kind of co-operation between the two SARs should be given serious

consideration. In Europe San Marino may be cited as a small country with very extensive diplomatic offices around the world that it believes are important and necessary.

In the last two years some efforts have been made to strengthen relations with four geographical areas. First, the EU - not only with the Commission but also with individual member states. The relationship with the EU has been assisted by the 1993 EU-Macau Trade and Co-operation Agreement. Secondly, the Portuguese Speaking African countries in particular Mozambique and Cape Verde, but also other Southern African countries like South Africa and participation in the activities carried out by CPLP (Community of Portuguese Speaking Countries). The third is Latin America, in particular Brazil and Mercosur and fourth is South East Asia, in particular Singapore. An example of this new relationship is the co-operation agreement signed between Singapore Airlines and Air Macau.

The multilateral dimension of Macau's international status is clearly the most developed aspect of the territory's external relations. Participation in international organisations allows Macau to gain some international visibility and to have access to technical co-operation. At present, Macau participates in a total of 46 international organisations both regional and global in 3 different forms: full member (28); Associate member (11); part of the sovereign power delegation (7). These organisations cover a wide range of areas: telecommunications (7), culture (6), tourism (5), statistics (5), trade (3), labour (3), health (3), transportation (3), finance (2), economy (2), sports (2), public administration (1), education (1), and police (1). In this context telecommunications, culture and tourism emerge as the three most important areas. It should also be stressed that Macau participates more in global (28) than in regional organisations (18).

The Joint Liaison Group (JLG) has already approved the continued participation of Macau in 40 of these organisations covering the areas of tourism, telecommunications, trade, economy, labour and social, shipping, culture and

cultural heritage, health policy and public administration. This participation assumes three different forms: full member (25 organisations), associate member (10 organisations), part of the sovereign power's delegation (5 organisations). The JLG has already agreed to approve the continued participation until 1999 in two more organisations, the World Meteorological Organisation (WMO) and the International Civil Aviation Organisation (ICAO) thus expanding slightly the list.

From the above account it is possible to conclude that Macau's multilateral participation does not cover some areas which are important for its international status. On the one hand it has a limited contact with the UN system since besides the participation in some World Bank and IMF meetings integrated in the Portuguese delegation, Macau does not have contacts with other relevant organisations in areas such as the environment (UNEP) and intellectual property rights (WIPO). On the other hand, the major weakness at the regional level derives from the fact that Macau does not participate in two key regional organisations, APEC and the Asian Development Bank despite the efforts made by Portugal to promote Macau's accession. The promotion of the participation of Macau in those global and regional organisations seem to be of particular interest for the future of Macau.

Finally, several multilateral agreements are applicable and will continue to be applicable in Macau in the areas of civil aviation, postal and telecommunication services, intellectual property rights, labour, drug enforcement, judicial co-operation and human rights. It is noted that the two UN International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, will be applied in the Macau Special Administrative Region according to the Macau Basic Law. In addition, Macau has recently become a party to other human rights conventions including the UN Convention on the Elimination of Racial Discrimination (1965), the Convention on the Elimination of Discrimination Against Women (1979), the Convention on the Rights of the Child (1989) and the Convention against Torture (1984).

The external relations of Macau are basically government-led. Non-governmental organisations and civil society have still weak ties with foreign countries. With the exception of Church organisations and a few other institutions, the international contacts of professional groups, trade unions, business associations, women's groups, and even the media are limited. This seems to be an underdeveloped dimension of Macau's international status which should be strengthened in various areas namely those foreseen in art. 134 of the Basic Law which defines the areas in which NGOs will be able to cultivate external relations, in particular with European counterparts. In this context efforts should be concentrated in the areas of education (in particular higher education), media, youth, and social welfare.

The development of Macau's international links is an important challenge for the future. In this it is important to be aware both of the opportunities and the constraints Macau is likely to face and to be realistic. As far as the opportunities are concerned, it should be recognised that the framework designed for the SAR is a positive instrument to develop external relations in the future. In addition the informal links Macau has with Southeast Asia through the Overseas Chinese communities in Macau, the 1993 EU-Macau Agreement and the links with Portugal and other European countries, the contacts with Lusophone countries, the proximity to Hong Kong, all constitute good opportunities for Macau. However there are also constraints that must be addressed. These include a shortage of trained human resources with experience in international contacts and negotiations even if there has been some recent progress, the lack of research and know-how on foreign markets and societies, the weakness of consultancy services and the limited size of the international community living in Macau.

4. THE ROLE OF THE SPECIAL ADMINISTRATIVE REGIONS IN CHINA-EUROPEAN UNION RELATIONS

The end of the Cold War and the acceleration of the globalisation process have generated new opportunities, but also constraints, for the reshaping of the

international system. Both the EU and China are fundamental players and share a common interest in bringing about a more balanced international system based on stronger multilateral institutions and rules.

Furthermore, the deepening and acceleration of the globalisation process through its different channels – trade flows, foreign direct investment, financial markets, consumption patterns, information technologies – contributed to the emergence of new challenges which require new responses aimed at controlling the negative effects of globalisation and making sure that the benefits are more evenly distributed.

The co-operation between the EU and China as two major and responsible global players can be an important catalyst to change the international system. The intensification of bilateral economic, political and cultural relations in recent years is a very good basis to deepen co-operation at the multilateral and global level.

Hong Kong and Macau are an important dimension of Sino-European relations. In the past the negotiations leading to the signature of the Joint Declarations and the handovers showed the world how issues related to the transfer of sovereignty can be peacefully and creatively solved. In this way the Macau agreement and its implementation should contribute to boosting Sino-European relations and to improving co-operation. In the future, the two Special Administrative Regions will remain a special link between Europe and China. In addition they have clearly the potential to play an active role in strengthening and facilitating EU-China relations in the next century.

The intended roles of both SARs are similar taking into account their differences in strength and cultural identity. For sake of analysis we can think of the Macau and Hong Kong SARs as having economic, political and cultural roles.

The economic functions of Hong Kong and Macau have been important to China's development, especially over the last two decades. The economic policies designed for the SAR governments are intended to ensure that both Hong Kong

and Macau will continue to facilitate trade between inland China and the rest of the world, and to serve as laboratories and training centres for future Chinese technological and managerial development. In the post-1980 era, the territories were better at fulfilling the former facilitator function than the latter training function. Thus it should come as no surprise that there is considerable emphasis on research and development in these territories today. China hopes that Hong Kong and Macau can continue to fulfil these economic roles in the future although the central government is trying to develop other cities such as Shanghai and Tianjin to fulfil similar regional functions. The roles of Hong Kong and Macau so far show little economic specialisation with Europe as opposed to other world regions. In fact one could hypothesise that China is looking at Macau as a facilitator of trade with countries of Portuguese expression or as a facilitator of international trade for the western part of the Zhu (Pearl) River Delta, whereas Hong Kong is to continue to function as the key international trading centre for South China.

From China's point of view the major political roles of the SARs in the future are to ensure a growth of confidence in China's ability to respect international commitments and rules and to entice Taiwan into eventual reunification with the People's Republic of China. Of course, these two roles are intertwined and provide some security to both the Macau and Hong Kong people.

The cultural roles of the SARs could be quite significant. However, in terms of policy issues this aspect is not so important for China. The cultural roles are: to facilitate cultural interchange, particularly with English and Portuguese speaking countries but also other cultures, and to act as laboratories for testing various foreign ideas in a Chinese context for possible adoption in inland China. The small size of Macau and Hong Kong, however, limit their ability to function in these cultural areas. Moreover, China is opening so fast that direct cultural contact within inland China will dilute the cultural significance of the SARs – especially Hong Kong. Since Portuguese language use in China is very limited, Macau can be perceived to have a greater specialised cultural role to play than Hong Kong.

China is inclined to see a special role for the European Union in relation to the SARs. It will be up to Europe to help shape the roles that evolve and the Union will have to act proactively if it wishes to maintain a special relationship with either of the SARs. Likewise, Portugal will have to act proactively. However, in the face of larger and more economically significant markets such as Brazil and the USA, it will be necessary for Europe to take the major part in sustaining the influence of its member countries in the Greater China region.

5. EU-MACAU RELATIONS

In developing international relations the EU should be recognised as a clear priority for Macau, and should be regarded as a strategic partner of Macau to strengthen its international ties. In the multilateral context, the EU can assist Macau to strengthen its capacities in world trade, tourist and cultural organisations through the training of professionals and assistance in setting up representative offices in various places. A priority here must be the WTO.

It is also important, however, to increase bilateral contacts between Macau and major individual EU Member States. At this moment this is almost non-existent apart from Portugal, which has long-standing ties with Macau, and acting as the main channel to introduce Macau to Europe, more direct channels should be opened to other European countries.

At present, EU-Macau relations are still underdeveloped, in terms of both economy and culture. For instance, whilst the University of Macau and the Polytechnic Institute of Macau have some contacts with universities and institutions in Portugal (inviting teachers from Portugal to teach in several courses, like economy, law, language and history), these are still very limited, and not at all extended to other countries in Europe. In this regard it is to be noted that exchange relationships with EU universities should not be focussed only on technology but also on humanities and social science. The network of teaching,

especially in humanities, has not been established. The Faculty of Business Administration of the Macau University also has a student exchange program with several countries in Europe, giving them access to learn more about China through Macau. This is a good idea that should be further developed. It has to be reciprocal, allowing Macau students to take some of their courses in Europe thus becoming better acquainted with European management.

Academic research involving both Europe and Macau on special projects of mutual interest, has just started, with Portugal taking the lead. There is still a wide area for expanding joint projects, especially in economics and humanities.

Cultural exchanges between Europe and Macau are mainly provided through the Cultural Institute of Macau, by inviting European artists to perform during the Macau International Music Festival or Arts Festival. A European film festival is held every year, and this should be further promoted. On the other hand this only makes sense if elements of Chinese, Macaense or East Asia culture, including music, literature can be also promoted by Macau in Europe. With the opening of the Macau Cultural Centre in 1999, and a stronger co-ordination, the flow of cultural exchange could be improved.

In the business area European companies operating in and from Macau, are limited to 13 major European companies which operate mainly in the financial and infrastructure development sectors. The Portuguese companies are mainly in banking, including CGD/BNU, BCM, BCP, Totta&Açores. Other companies are the EFACEC for electrical equipment and Hovione for pharmaceuticals. The French companies are mainly Lyonnaise des Eaux, within a local water supply company CAM, an electricity company CEM and Banque Nationale de Paris. The British companies are mainly Cable and Wireless in telecommunications (CTM), and in banking (HSBC bank and Standard Chartered Bank). The Germans have the Deutsche Bank and Siemens for airport equipment. The creation of an International Chamber of Commerce in Macau (under the formula “Macau, China

Business Council”) could be an important instrument to develop international ties and attract more foreign investors to Macau.

A limitation to the growth of the European community in Macau (less than 1000 people excluding the Portuguese), is the fact that Macau does not have a non-sectarian international school. The creation of this kind of school, preferably with an European dimension, would be a positive development.

Macau’s trade with Europe has more or less been stable over the years, in spite of the regional financial crisis. Exports to the EU recorded a slight growth from MOP 5.101 million in 1995 (31% of total exports), to MOP 5.356 million in 1996 (34% of total exports), to MOP 5.632 million (35% of total exports), ranking second, compared to Macau’s exports to the US which is still taking the lead (over 40% of total exports). Imports from the EU (mainly capital ware and consumer goods) slightly declined over the years, from MOP 2.442 million in 1995, to MOP 2.182 million in 1996, to MOP 2.052 million in 1997, ranking third, after Hong Kong and China. There is an uncertain factor, however, in the EU-Macau trade - the Multifibre Agreement, upon which Macau has been depending for export quotas to Europe, will terminate by 2002.

Due to the lack of investment and technology, Macau has not been able to move fast enough in upgrading the standard of its textile and garments products – which rose from 76% in 1995, to 78% in 1996, to 85% in 1997 in its total export products, while the other products like toys and electronics, have been drastically declining – to meet the competition. However, more recently Macau has made consistent efforts to upgrade the technological level of the textile and garment industries through a series of projects developed by the CPTTM which have been supported under the EU-Macau Agreement.

An important tool to improve and strengthen EU-Macau relations is the EU-Macau Agreement on Trade and Co-operation, valid from January 1993 with extension beyond December 1999. It is a “third generation”, multifaceted agreement covering areas like investment, joint ventures, information, trade,

customs, science and technology, environment, tourism, social development, financial service, energy, transportation, telecommunication, intellectual property rights, fishery, statistics, seminars and conferences, mass media, cultural heritage, hygiene and anti-drug, and all kinds of training for business managers and public administrators.

The functional efficacy of this agreement could be enhanced if it became more focused. It will be important to prioritise actions and programmes. The recently developed Asia-Invest Programme is an instrument that could be used by Macau to strengthen its role as a SME platform considering that Macau is located in one of the fastest growing regions in the world, the Zhu (Pearl) River Delta. The same is true for the Euro-Infocentre based in Macau for the region, linked to more than 100 infocentres in Europe, providing two-way economic, judicial, social, technical and financial information, for developing both business and research.

The implementation of the agreement is being monitored and co-ordinated by the *Comissão Mista* (Joint Committee) composed of both representatives of the European Commission and the Macau Government. In Macau, the *Secretário Adjunto para a Coordenação Económica* (Undersecretary for Economic Co-ordination) is responsible for managing the programme and negotiating the yearly core programme prior to the handover.

Only a moderately positive assessment of the results of this agreement may be made, and a sense of frustration was expressed on this matter by some interests in Macau. They complain that this instrument has not been used to its full potential partly because there has not been sufficient and adequate prioritisation of desired results. In general it has been regarded more as a co-operation outline rather than a trade agreement. It is considered to be more relevant, therefore, from a political and cultural point of view than from an economic perspective. We have been informed that from the Macau point of view, the agreement has not produced relevant economic results. It has not in reality helped Macau to improve its access to the EU market. A further observation is that more should be done to promote the agreement and the opportunities it could provide for regional development.

In the beginning, support was given to small ad hoc cultural projects such as the EuroLink of the University of Macau, the preservation of historical archives and the training of trainers for tourism. Later, assistance in the establishment of a European Documentation Centre in the University of Macau, training of interpreters and support for founding of the Macau Institute of European Studies was provided. Some positive results were also produced in giving technical assistance in the area of intellectual property rights with support from the European Patent Office. This involved the training of Macau officials in patent issues and the production of modern and adequate legislation for Macau to protect intellectual property (annex II).

In the past 3 years, other projects developed in the context of the agreement, have been designed and are still being implemented, the following being the most relevant:

- a) Business co-operation (started in 1995 and completed in 1998) aimed at improving the institutional capacity of IPIM (Government Agency for investment and trade promotion) and CPTTM (Centre of Productivity and Technology Transfer, which is a joint initiative of the Macau Government and local entrepreneurs). The results are considered as positive in relation to CPTTM, but not really successful in relation to IPIM, because while there was some learning in theory about the way to promote Macau, it did not contribute to the establishment of links with EU investment promotion institutions or learn from their experiences. Moreover, little has been done to promote and turn Macau into a commercial hub between the Zhu (Pearl) River Delta region, Taiwan and Europe.
- b) Public Administration Training (starting in 1998), a short term project developed by a Portuguese/Italian consortium (CESO/INA/University of Macau/FIAT) which is particularly aimed at (1) developing management skills for directors and improve their links with EU institutions; (2)

improving the capacity of job analysis and design and (3) promoting the training of trainers.

- c) Services Sector Program, with a special focus on the development of the financial sector, which aims at the modernisation of services and making them more export-oriented as it is considered a crucial sector for the future of Macau (in particular tourism).

In the 1998 program two main projects are included: (1) the creation of the Macau-EU Advanced Centre of Tourism Studies to be built on the experience of the Macau Tourism School; (2) institutional support to the Macau Institute of European Studies whose main functions are in the areas of education and training (Master's Degrees in European Studies and Management of Arts and a special training programme on the Euro) research (projects on comparative law, European integration, EU investment in China) and dissemination of information (through the production of a newsletter and organisation of workshops and seminars). The Institute has also set up two centres, Centre for European Law and the Centre for Multiculturalism.

Obviously, the Agreement is a positive instrument which can be made more useful and effective, not only for Macau, but also for regional co-operation. Quoting Lord Leon Brittan in a recent message on European Day, the Euro-Macau 1993 Agreement is a strong tool in strengthening co-operation between the EU and Macau. He added that Macau could play a special role in promoting dialogue, trade, mutual respect and mutual understanding between Europe and Asia. The Memorandum of Understanding on EU-China Co-operation, signed last year, is having a positive impact on Macau, to increase its role in the EU-China context.

In sum, the implementation of this agreement while leading to some positive results has some weaknesses, which should be jointly addressed by Macau and the EU, in particular the following:

- a) Activities were mainly concentrated in the public sector with insufficient involvement of the private sector and non-governmental organisations
- b) The areas covered to date have left unexplored important aspects such as trade, customs, investment, mass media and science and technology
- c) Lack of articulation and exploration of linkages between different sectors leading to the absence of more robust and interdisciplinary programmes (for instance linking tourism, information, mass media).
- d) Planning tends to be too short term oriented with the definition of core programmes on a yearly basis and there is a clear absence of medium and long term planning in defining core programmes in priority areas which should be developed on a more permanent basis.
- e) Delays in the materialisation of EU support and implementation of already agreed programmes, suggesting the need for a simplification of bureaucratic procedures.
- f) Insufficient systematic evaluation of the agreement in terms of its concrete impact in Macau

In order to improve its implementation, it is suggested that there should be stronger promotion of the agreement (not only in Macau but also in Europe, mainland China and Taiwan), a simplification of procedures, an increase of receptiveness and participation not only from the public but also from the social and private sectors, and the existence of an EU representative resident in Macau.

Some concrete proposals are as follows:

- a) from the Macau side:
 - 1. Participation of the private and social sectors in the preparation of the works of *Comissão Mista* (Joint Committee);

2. Establish a network of representative offices in various centres in strategic European cities as mentioned earlier;
3. Restructure and strengthen IPIM for stronger promotion of Asia-Invest and other programs into mainland China and Taiwan, based on more systematic research and consultant work;
4. Strengthen the CPTTM (Centre for Productivity and Transfer of Technology) in terms of finance and human resources, so that the Eureka program for transfer of technology between EU and the Asia-Pacific region (specifically mainland China and Taiwan) by using Macau as a hub, could be based on a more solid and regular basis, and going further at a later stage to create an incubation centre in Macau;
5. Restructure and reactivate the Euro-Infocentre in Macau, in terms of finance and human resources, to provide better service of information to the region (for which a translation service is absolutely necessary). It should be autonomous and directly linked to Brussels;
6. Give stronger support to the non-governmental Macau Euro-China Entrepreneurs Club, as well as the Small and Medium Enterprises Association and the Industrial Association of Macau, to act as a link in promoting business contacts and business talks between European and Chinese small and medium enterprises;
7. Develop the Macau Institute of European Studies (MIES) by enlarging the staff, including with specialists from other European countries, as well as Portugal, and local specialists trained by the Institute. Interested European countries should provide support and be involved in running the Institute. Courses on European studies should be tailored to the needs of the students from Macau and the region, especially from mainland China. Stronger co-ordination and co-operation should be established between the Institute of European Studies and the University of Macau in terms of programming and

teaching staff. The courses for public administration and legal system with emphasis on the European system, is extremely important and should be equipped with qualified staff.

8. Restructure the Macau University in three key areas: to strengthen the research capacities and define core research programmes; to expand international ties in particular with European universities and Hong Kong by, for instance, employing more high quality teaching staff from Europe and giving access to students (not only local but also regional) to tertiary institutions in Europe; and to strengthen the links with local and regional business sectors.

9. Upgrade and improve the Tourist School of Macau, so that it could serve as a regional tourist school with expertise from Europe. The administration and teaching staff should be widened from Portuguese to other Europeans;

10. Develop more decentralised relations with local governments and cities in Europe.

b) from the European side:

1. Designate a EU programme co-ordinator to be permanently based in Macau, reporting directly to Brussels;

2. Assist in the creation of an international school for the children of European expatriates in Macau and the western part of the Zhu River Delta

3. Help in creating a strong consultancy service , through co-operation with the public and private sector in Macau, for European companies, especially medium and small ones, to do business with China, especially with the Delta area and inland provinces;

4. Promote Macau as a springboard and a less expensive location which might appeal to smaller European companies to establish regional headquarters in

Macau for various investments into the western part of the Zhu River Delta area and southwest provinces of China;

5. Assist in the studies of overseas Chinese in Europe and their links with Macau and China, with the aim of using them as middlemen in bridging the cultural gap in business transactions;

6. Macau should be seen as a language training centre of Occidental languages, including Latin languages, for Asians and also students from other regions, especially those from Latin countries to become more acquainted with Chinese language (Mandarin and Cantonese) and culture;

7. Help Macau to become a centre for international conferences.

There is one important question, however, that has to be dealt with, within the EU-Macau relations, namely the Portuguese passport holders in Macau, or Portuguese citizens in the full sense of the word, with right of abode in the EU (unlike the BNO passport holders in Hong Kong who have no right of abode in the UK). Apart from the Macaense (Portuguese descendants married to Chinese or other Asians), who are bilingual but still identify themselves with Portuguese culture, covering a total population of around 12,000, the majority of the Portuguese passport holders in Macau are ethnic Chinese (around 107,000) who acquired their Portuguese citizenship automatically as they were born in Macau before 1981, or follow the Portuguese nationality of their spouse. These 100,000 plus people with the right of abode in the EU will tend, in the context of a successful transition which reinforces stability and confidence, to remain in Macau as a human link and a positive asset to promote EU-Macau-China relations.

As the Chinese Nationality Act rejects a dual nationality, those ethnic Chinese Portuguese citizens, will, after the handover, automatically become Chinese citizens only in China. However, their Portuguese nationality will still be recognised by the Portuguese Nationality Act and therefore they will have the

right to consular protection which should be granted according with international law and practice.

6. MACAU'S POTENTIAL ROLE IN EU-CHINA RELATIONS

The results of the interviews conducted in Macau and Beijing reveal there is a growing consensus that Macau can play a certain role in the future in the context of EU-China relations. However, when we tried to define this idea it became clear that more research should be done on how to bring it about. Nevertheless it was possible to identify diverse proposals under three headings:

a) Facilitator of investment and business relations

Macau should seek to develop as a platform for the entry of EU small and medium enterprises to the Chinese market, particularly in relation to inland and less developed regions. The next wave of EU investment in China may well have a greater involvement of small and medium enterprises (SMEs); be more diversified and also directed to inland provinces. If this is the case it will require special support policies responsive to the needs of small and medium firms (in particular their greater risk-aversion, sensibility to high transaction costs and special difficulties regarding access to credit, limited know how of the markets and business cultures). As a low cost multicultural area, Macau can play a role.

This would presuppose the development of consultancy and financial services in Macau. The existing banking institutions should give priority to develop services that are suitable to the needs of SME. The development of specific public support policies by the EU which would be co-ordinated with private sector initiatives; the creation of structures to disseminate information and knowledge about business cultures and promote business contacts; building institutional links between Macau, Hong Kong and mainland provinces and local governments.

On the other hand Macau can also serve as a platform for the internationalisation of Chinese SMEs and their investment abroad, namely in the EU, by developing as a centre of diffusion of know-how of the European experience with policies and institutions designed to support the development of competitive SMEs. This issue is clearly emerging as a priority area in China's current plan of economic reforms.

The existing Euro-Info Centre in Macau (an extension of the Euro-Info Centre of Caixa Geral de Depósitos in Lisbon) is a good initiative. It should be extended as there is already a great demand in China for the type of information it disseminates. However, the experience so far has not been very positive and the project needs now to be reactivated. It would be necessary to turn it into an autonomous European Business Information with a direct link to Brussels.

b) Tourist and cultural centre

Macau could play a role as a centre for cultural tourism both for mainland Chinese, offering an opportunity for the first contact with some aspects of the European culture, and for Europeans willing to learn about China and the results of the historical contacts between Chinese and European cultures. This would require not only the preservation of the existing heritage but also the development of new instruments to disseminate knowledge about Europe and its diversity. It should be mentioned that for the Chinese Macau has also a particular cultural interest as they can find there aspects of the traditional Chinese culture which can no longer be found in the PRC. This would require the development of high quality tourism, and its diversification away from the dependency on the gambling industry, as well as the development of a cultural industry in Macau (theme parks based on Macau's cultural identity). This tourism could include the promotion of Chinese tourist flows to Europe through Macau.

Macau can also play the role of a soft environment to expose foreigners to aspects of the Chinese culture and mentality, a function which is also useful from a business perspective.

Finally, it was suggested that it would be important for Macau to be granted the “World Heritage” status by UNESCO since this could clearly strengthen Macau’s position to perform this cultural role and make a decisive contribution to the preservation of a living testimony of the historical interchanges between the Chinese and European cultures and to explore the linkages between culture and development. At the same time it would enhance Macau’s international visibility and image as a tourist destination thus contributing to the development and diversification of the tourism sector.

c) Training centre

There were references to the possibility that Macau could provide a training centre to serve the Chinese economy and the relations between China and Europe, in particular in two areas:

- (i) European languages and culture, not only Portuguese, but also French, Spanish, German, English. Training of interpreters could also be of interest.
- (ii) Legal system – Macau has a Roman Law system and therefore could play a role in terms of training of Chinese legal professionals and actively contribute to the modernisation of the PRC legal system which has been inspired to some extent by the Continental Law model. In addition Macau could offer training in European Law, the EU institutional system, as well as in the legal systems of Member States, in association with relevant European universities and institutions (for Chinese as well as for Southeast Asia students). This would not only improve knowledge about the EU likely to facilitate economic relations but at the same time would create an opportunity to develop a dialogue between the EU and China on legal systems, judicial systems and the promotion of the rule of law.
- (iii) Public Administration: Macau could develop as a regional centre for training in public administration to meet the needs of Macau but also of other public administrations in the region in particular to support China's efforts of administrative modernisation. In the China context the question of regional

policies and co-ordination is an increasingly important issue and the EU experience could be of some relevance. In this respect the development of a long term relationship between Macau and the European Institute of Public Administration from Maastricht with a view to create a regional training centre should be given priority.

An important conclusion of the meetings and interviews held in Macau and Beijing was that China has a clear interest in seeing that Macau's transition is a success and believes that Portugal but also the EU can make a positive contribution. In addition, Beijing is convinced that Macau has a role to play in strengthening EU-China relations and wants to pursue that avenue. However, there is clearly an expectation that the EU will take very concrete and pragmatic initiatives and put forward proposals especially after the handover.

7. RECOMMENDATIONS

1. The EU Commission should prepare and present a long term strategy document on the relations between the EU and Macau taking into account the integration of Macau in the Zhu (Pearl) River Delta of Guangdong province and the specific role Macau can play in the EU-China relations in the XXI century.
2. The EU Commission should designate a representative resident in Macau with direct reporting responsibilities to Brussels, starting as a programme co-ordinator.
3. The EU and Member States should co-ordinate their efforts and set up in Macau an European House as a joint initiative. This could be a light and flexible structure, involving the Commission programme co-ordinator and representatives of interested Member States, involving limited and shared costs. The European House could concentrate its action in the areas of business, in particular support for medium and small European enterprises for

their investment projects in China (i.e. antenna for the Asia-Invest Programme), science and technology (including transfer of technology relevant to SME) and the integrated management of the EU-Macau agreement.

4. The EU and Member States should contribute to consolidate and support European Studies in Macau, building on the existing experiences of the Institute of European Studies and the University of Macau programmes, by giving it a stronger European dimension and defining a plan of activities focused on clear priorities in particular in three areas: (i) advanced training in legal studies namely European legal systems and comparative law, EU law – trade, competition, specific sectors such as transport, environment, energy – EU-China co-operation in legal matters, including the judicial system (ii) advanced training in public administration in co-operation with the Maastricht Institute of Public Administration, to improve knowledge about EU institutions and diffusing know how about the best practices to develop an efficient, transparent and accountable public administration, and (iii) regional policies, regional co-ordination and experiences of regional integration.
5. The EU and member states should give appropriate support to the candidature of Macau to UNESCO World Heritage status as an international recognition of the uniqueness and multicultural characteristics of Macau and the significant role it played as a facilitator of contacts and exchanges between the European and Chinese cultures.
6. The EU and member states should support the efforts to develop Macau as a centre of cultural tourism (which is attracting increasing interest in China) involving Macau and China but also tourist flows from China to Europe. This would require the creation of a high quality training centre in tourism capable of addressing the specific needs of cultural tourism and work as a centre of reflection and innovation on new forms of tourism in the next century.
7. Non-governmental contacts should be strengthened and the EU should support the organization of an “EU-Macau-China Non-Governmental

Organisations Forum” to be held alternatively in Macau, China and Europe, involving professional organisations (lawyers, accountants, architects) environmentalists, development NGOs.

8. Macau should be developed as a platform for European small and medium enterprises (SMEs) attempting to enter the Chinese market and for Chinese SME interested in investing in the EU. Such a platform will require the development of specific public support policies, the adaptation of Macau institutions to the needs of SMEs and a better investment environment.
9. The EU-Macau agreement should involve the private sector heavily and be selective by focusing on priority areas such as: (i) tourism, (ii) culture, (iii) small and medium business as previously mentioned, and (iv) public administration and law, including understanding of EU institutions.
10. Macau should seek to promote more decentralised contacts with the EU namely by building ties with specific regions and cities (not necessarily capitals) in the EU. The EU should support Macau in these efforts.

In Memory

Francisco Lucas Pires (1944-1998), member of the European Parliament has written extensively on European and International Affairs. A distinguished and valued member of the EPG, whose contribution was instrumental in the early days of the preparation of this report.

Acknowledgements

The Eminent Persons Group wishes to acknowledge all the institutions and people who contributed to this report with their comments, suggestions or by participating in any way in the research and meetings held, which led to the final outcome.

The EPG wishes to thank, in particular, Fundação Macau for its financial and organisational support. We would also like to thank the Institute of European Studies of the Chinese Academy of Social Sciences and Fundação Sino-Latina of Macau for their collaboration.

ANNEX I

MACAU STATISTICS

		1996	1997	1998
POPULATION				
Total	Thousands	416	422	431
Growth rate	%	0,2	1,5	2
Structure				
Less than 16 years	%	25,3	24,6	24
15 - 64 years	%	67,3	67,6	68,4
Over 65 years	%	7,4	7,5	7
GROSS DOMESTIC PRODUCT				
Total	MOP millions	34752	34707	33318
Growth rate				
GDP	%	-0,5	-0,1	-4
Private Investment	%	27,3	3,6	-11,6
Public investment	%	11,2	4,8	4,3
EXTERNAL TRADE				
Exports	MOP millions	15899	17129	17084
Imports	MOP millions	15931	18803	15596
Trade balance	MOP millions	-32	-1674	1488
INFLATION	%	4,8	3,5	0,2
EMPLOYMENT				
Activity rate	%	66,7	55,8	65,1
Structure of the active population by sectors of activity				
Industry	%	32,5	32,2	31,3
Services	%	67,5	67,8	68,7
Unemployment rate	%	4,5	3,2	4,5
TOURISM				
Number of visitors	thousands	8151	7000	6949
HUMAN DEVELOPMENT*				
Index of human development		0,897	0,9	0,903
Life expectancy index		0,86	0,86	0,86
Education index		0,85	0,86	0,87
GDP Index		0,96	0,95	0,98

* This data pertains to 1993, 1994 and 1995, respectively.

Source: Macau in Figures, Direcção dos Serviços de Estatísticas e Censur, 1999

ANNEX II

List of programmes/ projects implemented under the EU-Macau agreement

- 1) ***Eurolink*** – a study programme focusing on specific management problems for foreign companies operating in Macau and South China. This programme is held in the University of Macau during August and September and involves teachers and students from universities in several member states of the European Union, the University of Macau, and also Chinese universities. The programme enjoyed support from the European Commission in 1993, and again in 1996 and 1997. The main goal has been to make Macau an academic hub where students from Europe and Asia can meet to study aspects of management in European companies operating in Asia, thus furthering understanding between Europe and the Asia-Pacific.

The *Ph.D. Programme* offered by the University of Macau's Faculty of Business Administration with the support of study grants given by the European Commission to engage in study in European Universities. This has facilitated the development of ties between the academic staff of the Faculty of Business Administration and universities in the European Union.

- 2) The **Training for Macau's Tourism Industry in Management Skills Programme** was established by the Institute for Tourism Education and approved by the European Commission in 1994 with courses starting in Macau in March 1995. The three-year programme was aimed at training around 200 participants each year, selected from professionals working in the tourism sector, with a view to improving the quality of service provided in this sector. Once trained, these professionals convey their advanced knowledge and skills to other employees in the sector. The programme has involved European teachers on two training modules each year.

The success of this project has meant that a second programme has been prepared to bolster the institutional reputation of the Institute for Tourism Education as a regional centre of excellence. This programme has involved setting up a Macau-Europe Advanced Tourism Study Centre which opened in May 1999. This centre is geared towards the entire region.

- 3) **Training Interpreters** in simultaneous interpreting techniques has also been an area of co-operation. After assessing possibilities with various interested parties including the Macau Civil Service Commission, the Polytechnic Institute, the University of Macau, and the Office for Legal Translation, one translator from the Office for Legal Translation took part in the simultaneous interpreting course in JICS – Joint Service Interpretation Conferences in

Brussels. The Macau Polytechnic Institute also held a training seminar for interpreters, which was given by a trainer from the Joint Service Interpretation Conferences and it has also organised other initiatives in the field of training interpreters, in co-operation with the same organisation.

- 4) The **Programme on Industrial Property Rights** was prepared by the European Patent Office working with the Macau Economic Services, and ran from 1995 to 1998. The goal of the programme was to meet the need to localise legislation in this field while improving conditions for industrial property rights in Macau to be effectively protected in harmony with Macau's international commitments under the World Trade Organisation's TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement. The programme included technical assistance and training of human resources with a view to preparing legislation, administrative structure and mechanisms for protecting trademarks, patents and industrial designs.
- 5) The **Macau Institute of European Studies** is particularly geared towards spreading information about the European Union and as such has obviously benefited from co-operation with the European Union. The initial project approved by the European Commission in 1995 and completed in late 1997 involved support in setting up the Macau Institute of European Studies, organising its Opening Ceremony which took place on 6th February 1996, and also a seminar which brought together Chinese university centres carrying out research on Europe held in Macau in December 1996. At present the Macau Institute of European Studies' main activities are developed in the areas of Education and Training (Master's Degrees in European Studies and Management of Arts and a special training programme on the Euro) research (projects on comparative law, European integration, EU investment in China) and dissemination of information (through the production of a newsletter and organisation of workshops and seminars). The Institute has also set up two centres, Centre for European Law and the Centre for Multiculturalism.
- 6) In 1998 a **Public Administration Training Programme** was launched with the aim of supporting continued training of Macau's civil servants in order to enhance the management of civil service training programmes and providing direct support for preparing and teaching selected training courses in view of the localisation of Macau's Public Administration.
The Programme ended in late June 1999. It included a strong teaching component covering courses for managers, trainers and also interpreters for around 100 civil servants. There were two study visits to various training centres of the Public Administrations of EU Member States. Support was also given to set up a network of Public Administration Centres and a pilot scheme involving the application of modern staff management techniques has been introduced to three departments of Macau Public Administration (Macau Statistics and Census department, the Urban Council and the Macau Social Welfare Institute).

- 7) The **Business Co-operation Programme**, which ended in 1998, was aimed at helping to modernise businesses in the Territory, promoting business relations with Europe and also promoting Macau as a gateway to China. The two-year programme began in 1996 and had two components: one focusing on the Macau Productivity and Technology Transfer Centre (CPTTM) and the other focusing on the Macau Institute for Trade and Investment Promotion. The programme coincided with the establishment of the Centre and provided technical assistance in developing institutional links with its counterparts in Europe and fostering ties with a view to exchanging technology, leading to the creation of CPTTM International Co-operation Unit in 1998.
- 8) The **Offshore Services Development Programme** is aimed at creating improved conditions for developing offshore services in Macau. These services include financial services, call centres and back offices. The programme provides technical assistance in defining the administrative and legislative framework for an international service centre and will also include training human resources and the specific promotion of Macau as an international service centre. The programme is at an advanced stage of preparation, the consultants have already been selected by the European Commission and the project is now awaiting instructions from the Commission as to when it shall be implemented.
- 9) A **Secure Archive for the Macau Historical Archives**, implemented during 1995 and 1998 was supported by the European Commission to preserve Macau's cultural heritage and documents which are a source for studying Macau's history.