

Subnational Government and Macao SAR's External Affairs

by

Jialong Yang

Doctor of Philosophy in Political Science

2019



Faculty of Social Sciences

University of Macau

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Acknowledgement

The PhD degree is the highest qualification in the spectrum of academic degrees, and it has not been an easy road to get to this point. During the years of studying during my PhD, I have learned a lot from both academic and real life. The completion of this doctoral thesis would have been impossible without the professional help from my supervisor Prof. Jianwei Wang. I would like to thank him for his time, patience, and guidance in supervising me to complete this thesis. Furthermore, Prof. Wang has been a great mentor for my PhD training throughout the years. Apart from my supervisor Prof. Wang, I would also like to thank my co-supervisor Prof. Zhimin Lin and adviser Prof. Weiqing Song for their valuable advice and encouragement in promoting me to finish this PhD thesis. Moreover, I would like to express my gratitude to the respondents who have participated in my interviews, by the sequence of interview, they are Prof. Moisés Silva Fernandes, Prof. Miguel Santos Neves, Prof. Carmen Mendes, Prof. Lok Wai Kin, Dr. José Luís de Sales Marques and Mr. Harald Brüning. Similarly, their expertise and valuable responses have significantly contributed to the completion of this doctoral thesis. In going through this journey to complete my PhD, I would also like to thank my family members who have shown tremendous support and encouraged me throughout this process. In addition to this, I am keen to express my gratitude to the Grimes Family, for their efforts and time in proof-reading this thesis for me. As a final note, I would also like to thank my future wife, wherever you are, thank you for not showing up earlier!

Abstract

This doctoral thesis looks into the Macao SAR's external affairs and its related degree of autonomous power as a subnational government of China. In turn, this thesis attempts to answer the question of how much autonomous power does the Macao SAR really possess when it comes to its external affairs? The specific sectors of the Macao SAR's external affairs that have been selected in this research are political, economic and cultural aspects. This thesis has applied case studies and in-person interviews as research methods. This thesis argues that, in terms of the Macao SAR's external affairs, the *Macao Basic Law* and the "One Country, Two Systems" principles provide the legal foundation to the former. With this legal foundation, the Macao SAR is able to conduct its legal external affairs, such as signing international treaties and participating in international organizations. In addition to this, based on the "One Country, Two Systems" formula, memberships and treaties that were established during the Portuguese Macao period, have continued to flourish to the present day. This thesis also argues that, among the three sectors of the Macao SAR's external affairs, Macao's economic external affairs have been comprehensively developed. With many on-going economic initiatives and mandates receiving appraisal from the central government, namely the BRI, the GBA development plan, and the Forum Macao – a foreign policy instrument specifically targeted for the PSCs. Furthermore, this thesis asserts that for cultural external affairs, based on Macao's unique historical and cultural legacy, this city reserves tremendous cultural resources. However, in this aspect, it has not maximized its full potential. This thesis argues that an official coordinating mechanism will be needed to utilize these resources to achieve better outcomes. For political external affairs, this sector possesses a relatively small degree of autonomous power.

However, there are still areas of political external affairs that are not diplomatic or defense related, where the Macao SAR could play a part in contributing the nation's external affairs from the side. Overall, as a subnational government of China, the Macao SAR enjoys a high degree of autonomous power in its external affairs; however, these areas are currently being underdeveloped. Moreover, the status quo of the Macao SAR's external affairs is that the central government gives orders to Macao rather than the local government eagers to thrive on its own; this is despite the fact that capabilities for external affairs are enshrined in the *Macao Basic Law*. Furthermore, the Macao SAR government has shown a lack of desire or motivation in pursuing such goals, mainly due to the sliding advantages of its gaming industry, which has hindered growth in other sectors of the economy.

Declaration

I declare that the thesis here submitted is original except for the source materials explicitly acknowledged and that this thesis as a whole, or any part of this thesis has not been previously submitted for the same degree or for a different degree.

I also acknowledge that I have read and understood the Rules on Handling Student Academic Dishonesty and the Regulations of the Student Discipline of the University of Macau.

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List of Abbreviations¹

ASEAN	Association of Southeast Asian Nations
BDA	Banco Delta Asia
BRI	Belt and Road Initiative
CCGBA	Working Committee for the Construction of GBA
CCP	Chinese Communist Party
CI	Confucius Institutes
CSR	Corporate Social Responsibility
CTCFR	Working Committee for the Construction of the BRI
DPRK	Democratic People's Republic of Korea
DSAJ	Legal Affairs Bureau
DSE	Macao Economic Bureau
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
GBA	Guangdong-Hong Kong-Macao Greater Bay Area
GDP	Gross Domestic Product
HK SAR	Hong Kong Special Administrative Region
IC	Cultural Affairs Bureau
IFT	Institute of Tourism Studies
IMF	International Monetary Fund
IPIM	Macao Trade and Investment Promotion Institute

¹ In the Macao SAR, Chinese and Portuguese both are official languages. So among the Macao SAR local governmental institutions, when described in non-Chinese language, their abbreviations come from their full names in Portuguese, not from English. For Instance, DSE refers to Macao Economic Bureau and its abbreviation comes from Direcção dos Serviços de Economia (DSE).

IPM	Macao Polytechnic Institute
KMT	Kuomintang
Macao SAR	Macao Special Administrative Region
MCT	Ministry of Culture and Tourism
MFA	Ministry of Foreign Affairs
MGTO	Macao Government Tourism Office
MOE	Ministry of Education
MOFCOM	Ministry of Commerce
NDRC	National Development and Reform Commission
NPC	National People's Congress
PLA	People's Liberation Army
PRC	People's Republic of China
PSCs	Portuguese-speaking Countries
SAR	Special Administrative Region
SCO	Shanghai Cooperation Organization
UCCLA	The Luso-Afro-Americo-Asian Capitals Union
UM	University of Macao
UN	United Nations
UNESCAP	UN Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

Chapter 1 Introduction

1.1 General Background

Since the last decade, there has been a diplomatic transformation of how China plays its role on the international stage. In this regard, after the transition of power from former President Hu Jintao to President Xi Jinping, gradually China has taken more active and clear strategic steps towards the realm of international relations. It can be said that the old famous quote of “keep a low profile and bide your time” (Tao Guang Yang Hui) type of diplomacy initiated by Deng Xiaoping in the late 1980s, has faded away. In its place, progressive diplomacy has come into play. After the power transition to President Xi Jinping, China gradually started to take more active steps into international affairs and planned on taking more responsibilities regarding international political and economic affairs, in order to further secure and defend its national interests.

According to Henry Kissinger, diplomacy usually is seen as a popular imaging “centers on negotiations between officials from foreign ministries, secretly discussing conflicts related to questions of sovereignty, the balance of power, and international order”.² However, with the process of globalization, and the development of advanced communication technologies, the time has changed. World politics has seen a growing development of de-centralization, and such a trend has changed traditional diplomatic behavior amongst countries in the international system. In the past, diplomacy was

² Henry Kissinger, *Diplomacy* (New York: Simon & Schuster, 2004) in Leonard Seabrooke, "Diplomacy as Economic Consultancy," in *Diplomacy and the Making of World Politics*, ed. Jacob Sending, Ole; Pouliot, Vincent; Neumann, Iver, B. (Cambridge, UK: Cambridge University Press, 2015), 195.

exclusively practiced by states' central governments; however, thanks to the current trend of de-centralization, subnational actors are starting to take an active role in today's world politics in the names of their own nations.

The transformation of China's diplomatic strategy has not only affected China's move on its international stage, but also has affected China's domestic political administration and power distribution. In the past, China's diplomacy was fully controlled by the central government, in the hands of a few leaders, ministries and departments, whereas, local governments had little to no power in terms of this aspect of governance. However, with the rapid growth in globalization, not only have inter-relations among nation states become closer, subnational actors³ have seen their influence and freedom to act and grow too. Therefore, in order to better participate in today's world politics, China also needs to utilize the resources of its domestic political units to perform diplomatic duties and responsibilities. This will enable them to better serve the central government in terms of the national diplomacy. This means that these domestic political actors, including local, regional, and subnational governments are given more diplomatic powers, financial resources and preferential policies, to let them participate directly in international affairs. Evidently, this would be on behalf of China, under designated power constraints and legal regulations.⁴ Therefore, there has been a decentralization of power in China's national diplomacy, namely the diplomatic power

³ According to Merriam-Webster dictionary, subnational means "existing or occurring below a national level: relating to or being a group or region within a nation". "Merriam-Webster Dictionary."

⁴ Such as the Macao SAR and Hong Kong SAR's external affairs have been regulated through the *Macao Basic Law* and the *Hong Kong Basic Law*.

and privileges were decentralized from the central government down to the local political units, such as subnational governments and municipal governments.⁵

In addition to this, China's subnational governments can contribute to the nation in terms of the external or foreign affairs from various perspectives, based on their own size, economic volume, level of internationalization, and their own specific characteristics. For instance, taking Shanghai as an example, based on Shanghai's level of internationalization⁶, means it can connect itself with the world's leading cities who share similar features, as well its status as a financial center in China, has attracted billions of investment opportunities and projects for itself and for China. In this regard, there has been a number of research projects completed in some major municipal and provisional governments in China, such as Shanghai, Jilin province and Chongqing. In reference to Jilin Province⁷, based on its enriched natural resources, and manufacturing capabilities, it has enabled itself to become one of the most important subnational governments in the North East of China. All of these subnational governments are playing positive and beneficial roles, when it comes to China's diplomacy. In turn, their status and importance are increasing at the same time.

⁵ For Municipal government, including Shanghai, Beijing, Chongqing, Tianjin which can make substantial influence over public diplomacy when facing foreign cities compared to other Chinese local cities, based on the former's size of economy and the openness of internationalization.

⁶ Wan Minmin, "The National Government and the Chinese National Image Communication as an Example to the 2007 Shanghai Olympics [Ci Guojia Zhengfu Yu Zhongguo Guojia Xingxiang Chuanbo -- Yi 2007 Nian Shanghai Te Ao Hui Weili]" (Master Thesis, Fudan University, 2010).

⁷ Jiang Changxin, "Research of International Cooperation of Subnational Governments - a Case Study of Jilin Province [Ci Guojia Zhengfu Yu Guoji Hezuo Wenti Yanjiu --- Yi Jilinsheng Zhengfu Weili]" (Doctoral Thesis, Jilin University, 2011).

In the present day, subnational governments are gradually coming into play and they are starting to exert their own influences. To specify, these subnational administrations are not only found at the provincial level (Jilin Province)⁸, there is also, the municipal levels (Shanghai⁹ and Chongqing¹⁰) and the special administrative regions too. Currently, China has Hong Kong and Macao as special administrative regions, of which, they were set up in 1997 and 1999 respectively, after the power transitions from their respective former colonial powers. In comparison to subnational governments, special administrative regions have their own strengths and advantages (such as language, legal and political systems, culture, connections with foreign countries). In this case, the Macao SAR has the potential to play an important role and participate in external activities on behalf of China in the international society.

1.2 Specific Background of Macao

Macao was the “very first place at which European merchants, missionaries and travelers found residence in an East Asian place. Over the four hundred sixty plus years, it established itself as a significant joint to connect the west with the east, economically and culturally alike”.¹¹ Moreover, as a former colony of Portugal, Macao has found itself shaped by events that took place in Europe, namely, the fall of the Salazar dictatorship, which was overthrown after the Carnation Revolution of the

⁸ Ibid.

⁹ Minmin.

¹⁰ Zhong Yi, "[Guojihua Shiyezhong De Chengshi Gonggong Waijiao Yanjiu --- Yi Chongqing Wei Anli]" (Doctoral Thesis, Party School of the Central Committee of C.P.C, 2013).

¹¹ Shuguang Zhang, *Global Mapping of Macao, Sailed to the East*, ed. Shuguang&Dai Zhang, Longji (Shanghai: Soical Sciences Academic Press(China), 2014), 9.

1970s. This event was very important in the history of the Macao SAR, as the new Republic of Portugal began a process of de-colonization, by abandoning its oversea colonies. In addition to this, after a series of efforts made by the PRC, there came the finalization of the Sino-Portugal Joint Declaration over Macao. In turn, Macao was finally returned to the motherland in 1999.

After 1999, the small Chinese enclave of Macao reemerged itself as China's special administrative region, like its counterpart the Hong Kong SAR did in 1997. Both of the SARs are operating under their respective Basic Laws and they are following the "One Country, Two Systems" principle. Both of these elements have become important premises for them, especially when conducting their respective external affairs. However, it should be noted that the Macao and Hong Kong SARs are different compared to the other subnational governments on the mainland of China. As has been espoused by the Macao SAR Chief Executive Fernando Chui Sai On that, the "One Country, Two Systems" principle was the best solution to the issue of Macao and its social development after 1999.¹² For instance, Chui once pointed out that ever since 1999, the Macao SAR has received the full support from the central government, which has allowed it to fully embrace, "One Country, Two Systems", and achieve substantial economic success and social prosperity in the region.¹³ With the backing of the central government and with a background basis of the legal foundations of the *Basic Law*, the Macao SAR is focused on constructing itself as the World Centre of Tourism. Similarly, the administration continues to develop the Forum Macao, as well

¹² "Chief Exctuvitve: Strictly Follow the Constitution and the Macau Basic Law", "Te Shou: Yan an Xianfa Jibenfa Banshi"., " *Macau Daily* 2018.

¹³ Ibid.

as actively participating in the BRI and GBA development projects, as its way of joining into the nation's development plan, for achieving co-prosperity with the mainland.¹⁴

Additionally, one must add that the *Macao Basic Law* empowers the Macao SAR with several special legal features. For example, the Macao SAR enjoys a high degree of autonomy over its own politics and policies, and it can participate in international organizations and conferences as delegations of the PRC and titled "Macao, China". There are some key articles written in the *Macao Basic Law* that have shown Macao's capabilities in regards to its external affairs. For instance, in Article 13, it regulates that the Macao SAR is entitled to conduct relevant external affairs based on the following statement, "Article 13 The Central People's Government shall be responsible for the foreign affairs relating to the Macao Special Administrative Region. The Ministry of Foreign Affairs of the People's Republic of China shall establish an office in Macao to deal with foreign affairs. The Central People's Government authorizes the Macao Special Administrative Region to conduct relevant external affairs on its own in accordance with this Law."¹⁵ Moreover, according to the *Macao Basic Law*, the Macao SAR is empowered to "maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural, science and technology, and sports fields".¹⁶ On the other hand, however, despite the Macao SAR

¹⁴ Ibid.

¹⁵ The *Macao Basic Law* Article 13.

¹⁶ "Chapter VII External Affairs, Article 135, 136," in *Macao Basic Law*.

enjoys a high degree of autonomous power, most of these powers have been seldom exercised. One of the main reasons behind this is the fact that the Macao SAR has a domestic economic imbalance. With reference to this, the local society relies too much on the gaming industry and this has hindered other social sectors' development.

Despite this, one is still able to see the trend of decentralization of politics and the increasing level of importance for subnational governments in the world, most of China's subnational governments are playing more active roles in the international area and the Macao SAR is not an exception. For instance, the Macao SAR is commissioned to build a "bridge" for better communication between China and the PSCs based on Macao's historical legacies,¹⁷ and the Macao SAR welcomed political mandates from the central government to participate in the development of the BRI and the GBA.¹⁸ These initiatives have provided the Macao SAR incentives for re-balancing its domestic industries, to develop other sectors than the gaming industry, to promote a longer and sustainable development of this part of China. Moreover, the Macao SAR, like its counterpart the Hong Kong SAR, operates under the legal framework of the "One Country, Two Systems" principles and respective Basic Laws, making them 'unique' as China's subnational governments. In this regard, this makes them ideal cases to study as China's subnational governments'. As they involve themselves and participate in international affairs, through the angle of China's special administrative regions.

¹⁷ "Forum Macao," <http://www.forumchinapl.org.mo/about-us/mission-and-objectives/>.

¹⁸ Edwin Yang, "Chui Vows Macau Will Actively Participate in Gba Project," *Macao Post Daily* 2019.

1.3 Research Objectives & Rationale

This thesis is not a traditional piece of work that mainly contains the battles of competing theories in International Relations. Rather, it leans on empirical case study with the support of international relations theories, and tries to fill the lack of development in the current related research area, namely the Macao's external affairs as an area which has rarely been touched upon, in the trending research of subnational government in international affairs in the recent decade. This thesis thus contains three main goals and objectives. First, it hopes to serve as a reference point of how the Macao SAR is participating in its external affairs through the lenses as a subnational government of China. Second, it also hopes to provide a systematic portrait of the Macao SAR's external affairs for research and study its purpose, results and lessons. Third, this thesis hopes to build an analytical and theoretical framework on the Macao SAR's external affairs via an innovated methodological basis, by looking at the issue through legal, political, economic and cultural perspectives respectively, and to examine the Macao SAR's nature of its external affairs, by comparing it to the existing theories in the current literature.

After discussing the trend of Chinese subnational governments of participating in today's international affairs, it has been found that as China's subnational governments, the external affairs of the Macao and Hong Kong SARs have been left understudied. Based on the current literature review, this thesis argues that regarding the new topic of subnational government, there has been rare efforts touched upon the issue of Macao's external affairs through the lenses of the study of subnational government. After discovering this rarely researched field of study, it raised my interest in finding

out how the Macao SAR operates and participates in its external affairs as a China's subnational government in today's world politics. In addition, I am also curious what uniqueness does the Macao SAR have in terms of its external affairs and how should the Macao SAR utilize these uniqueness in order to better participate in its external affair, and even help China in building a better national image through a sub-state actor perspective? Furthermore, there has been seldom research done over the special administrative regions and subnational government on doctoral research level, including Macao and Hong Kong. As well as based on international relations theories, for the study of subnational government, there are three related theories, which are state-centric theory, multilayered diplomacy theory, and para-diplomacy theory, there has been no research properly applied them to examine how would China's special administrative regions, in this case, the Macao SAR's engagement in its external affairs. Therefore, there is a gap in the area of research over the Macao SAR's external affairs as a China's subnational government, as most of the researches have been completed over the subnational governments on the mainland, and this thesis aims to fill the gap.

It has been found that there are numerous of research papers done over the internal administrative subject of the Macao SAR, but not much papers were found on the topic of Macao's external affairs. Also, in terms of the studies of autonomy of the Macao SAR, most of them were on the relations between the Macao SAR and the central government through legal studies. On the other hand, there has been seldom research found over the Macao's external affairs from the angle of International Relations. Moreover, though both Macao and Hong Kong are China's special administrative regions, however, this thesis intends to focus on the Macao SAR rather than the Hong

Kong SAR, for the following reasons: 1) the two SARs share similar but different histories, many years after the handover, for the Hong Kong SAR, there still has been divergent of public opinions regarding the self-identity of nationalities. On the other hand, the Macao SAR does not have such issue, the Macao society has been running smoothly and peacefully shortly after the power transition in 1999, this difference could lead to many different outcomes for their own external affairs, such as motivations, etc; 2) China has been keen to maintain the relations among China, Macao and the PSCs, even after the return of Macao from its former Portuguese colonial government, and hoped the Macao SAR to serve as a bridge to tighten the inter-relations among the three places. Therefore, there is a clear political strategy to study over the what roles and duties should the Macao SAR exactly play in this game. On the other hand, though the Hong Kong SAR is more economically developed, and more dynamic in terms of its international economic drive. However, related policies are missing or inadequate to make a comparison between Macao and Hong Kong, since Macao has become a heated topic in recent years, especially together with the relations of the Portuguese speaking countries. Moreover, though Hong Kong still remains a close connection with the Commonwealth countries due to historical reasons during the British colonial period, however, in recent years, alike political and economic alignment has never been clearly established; 3) Hong Kong is a much larger issue, and it would be controversial to compare both Macao and Hong Kong in one case, which would make this thesis difficult to manage, the complete study of the Hong Kong SAR's external affairs would lead onto the future research. Therefore, it would be problematic and controversial to put Macao and Hong Kong together to research. However, this thesis will still take the Hong Kong SAR into comparison when needed.

1.4 Organization of the Thesis

The structure of this thesis is developed into a total of 9 chapters.

Chapter 1 is the chapter of introduction, in this chapter, it introduces many basic and fundamental points and issues of this thesis. It begins by presenting the general background and the specific background of the topic. Then it explains the objectives of conducting this research, as well as presents its potential contributions based on this thesis, and concluded with the statement of originality.

Chapter 2 is applied as the literature review. In this chapter, it focuses on the topic of subnational government and its rising participation in today's international politics. In order to better explain the issue, it divides itself into three dimensions, namely, the subnational governments in the world; the rising subnational governments of China; and the Macao SAR as a China's subnational government. The chapter introduces the evolvement and development of subnational governments on these three levels respectively.

Chapter 3 is presented as this thesis's theoretical framework and its related methodology. In this chapter, it introduces and discusses three major theories that are related to today's subnational government's involvement in the world politics, and also analyze their applicability to the Macao SAR's external affairs. For the methodology part, it applies two primarily methodologies, one is case study, another is in-person interview. For the case study part, it introduces the cases that have been applied

throughout this thesis; for the in-person interview part, it introduces some key issues that are related the interview which has been conducted.

Chapter 4 is the chapter of connecting Macao from its past to its present, in terms of its external affairs. In the first half of the chapter, it primarily focuses over the Portuguese settlement in Macao since the Ming dynasty and until after the Carnation Revolution occurred in the 1970s and the old Salazar government of dictatorship was overthrown. Afterwards the new Republic of Portugal government decided to abandon all of its overseas colonies and began its process of de-colonization. This series of historical events opened up the curtain for Sino-Portugal negotiation over the issue of Macao, after the two nations commenced their diplomatic tie in 1979. The remaining part of the chapter discusses the changes of Macao's external relations before and after 1999, which also acts as a connecting part for the following chapters, as it illustrates the historical background for the topic of the thesis so it allows itself to be discussed in further details.

Chapter 5 is the chapter of legal foundation of Macao's external affairs, as the first and the foremost important chapter over other elements of the Macao SAR's external affairs. Because the *Macao Basic Law* and the "One Country, Two Systems" principle fundamentally paves the legal foundation and empowers the Macao SAR to conduct its external affairs. In this chapter, it discusses the contents and characteristics of the *Macao Basic Law*, and the "One Country, Two Systems" principle. As well as discusses Macao's participation in the international organizations and the implementation of international treaties in the region.

Chapter 6 is the chapter for political external affairs of the Macao SAR. It selects the components that are mostly related to the political external affairs of the Macao SAR, namely the Macao's role in the cross-strait relations with Taiwan and the US's influence to Macao, followed by two major cases, the Banco Delta Asia (BDA) money laundering for the North Koreans; another case is the on-going trade war between China and the United States, given the background fact that there are three major U.S. invested casinos are operating in Macao and their casino operation license will expire in 2022, here this chapter discusses what role Macao could play in the Sino-US relations.

Chapter 7 is the chapter for the Macao SAR's economic external affairs. in this chapter, several national economic initiatives that the Macao SAR is participating in would be discussed, such as the Forum Macao, the BRI and the GBA development projects based on authorization by the central government.

Chapter 8 is the chapter of cultural external affairs. Its finding is that Macao has huge potentials and assets of culture but currently being under-developed and poorly utilized. Such as the cultural assets of 'sister cities' of Macao have 'ceased' to develop themselves for many years. This chapter provides the reasoning behind this phenomenon and concludes with feasible policy recommendations.

Chapter 9 is the final chapter of this thesis, it provides the concluding remarks. It introduces the major findings based on this thesis as well as the findings of theoretical implications, together with the thesis's significance of research, potential contributions.

This chapter is concluded with the thesis's potential limitations and its future perspectives of research.

1.5 Potential Contribution

The potential contribution of this doctoral thesis is that it systematically illustrates and analyses Macao's external affairs after its return to the motherland and became a Special Administration Region in 1999. This types of research thesis acts as the first of its kind. It reveals the strengths and weaknesses of the current Macao SAR's external affairs. The existing related literature has been focusing on some of the elements regarding the Macao SAR's external affairs, such as focusing on Macao's possibilities of becoming the platform between China and the Portuguese-speaking countries, and the implications of the "One Country, Two Systems" principle (see Chapter 2 Literature Review for more details). This thesis on the other hand, offers a comprehensive outlook of the Macao SAR's external affairs, as a China's subnational government based on the fact of Macao is a Special Administrative Region of China. Because it has been a great interest that in academia, in terms of China's subnational government's increasing level of involvement in the world politics, the SAR is also considered as China's subnational political unit, its functions and roles in today's world politics and its potential diplomatic contributions to China are worthy to study and explore, which has come to a main objective of conducting research for this thesis. This thesis also has theoretical implications, it explores the Macao SAR's external affairs by examining the existing international relations theories, such as state-central theory, multilayered diplomacy theory and para-diplomacy theory. Therefore, in a nutshell, this thesis applies an innovative approach by dividing the issue into different

important elements including cultural, political, economic and legal, to examine their powers of autonomy. In this way, this thesis provides a comprehensive overview for the Macao SAR's external affairs after 1999, as one of China's important subnational governments. Moreover, this thesis acts as the first of its kind of research, by dividing the Macao SAR's external affairs into different major sectors, such as its legal, economic, political, and cultural elements.

1.6 Statement of Originality

The doctoral thesis that I submit is my original work and has not been submitted previously in whole or in part for a degree of the University of Macau or any other educational institutions. Furthermore, my publications and conference papers during my PhD study in the University of Macau also include:

Publications

1. "A Study on Voter Structure Political Group and Public Aspiration, Taking the 6th Macao Legislative Election as an Example", co-authored with Ningyu He, in the *Academic Journal of "One Country, Two Systems" of the Macao Polytechnic Institute*, No. 2, 2019, pp 161-172.
2. "Macao and Brazil relations under the 'Belt and Road Initiative', co-authored with Jianwei Wang, in *New Era, New Journey, "The Belt and Road" and Macau's Development*. Beijing: Social Sciences Academic Press (China), 2019, pp. 209-220.

3. “Sino-Portugal relations under the structure of Sino-EU relations”, co-authored with Jianwei Wang, in *Portugal Investment Environment Report*, Beijing: Economic Science Press, 2018, pp37-55.

4. “Reform and Opening Up and the Pathways of Development for Macao’s Youth”, co-authored with Chuan Pang, in *China’s Reform and Opening Up and the Development of Macao*. Beijing: Social Sciences Academic Press (China), 2018, pp. 531-544.

5. “Constructing a people-to-people bond platform between Macao and the Portuguese Speaking Countries”, co-authored with Jianwei Wang. *“The Belt and Road” and Macau’s Development*. Beijing: Social Sciences Academic Press (China). 2018, pp. 298-316.

6. “The Dilemma of China’s Diplomatic Transformation: ‘System-Unit’ Dual Structural Analysis” , co-authored with Xiaodi Ye in *Journal of Asia-Pacific Security and Maritime Affairs*, No. 1, 2017, pp. 53-64.

Conference Papers

1. “Chinese Provinces as Foreign Policy Actors in the Middles East” , *The 5th China and the Middle East and North Africa Conference*, Shanghai University, Shanghai, May 17&18, 2019.

2. “The Transformation of China’s Diplomacy and the Rise of Subnational Government, a Case study of the Macao Special Administrative Region”, *Tongji Diplomacy Study Forum*, Tongji University, Shanghai, May 11, 2019.

3. “New Development of the ‘One Country, Two Systems’ principle and the Socialism with Chinese Characteristics, a Case Study of Macao’s Participation to the National Development Plan”, *2nd Marxism Study Forum*, Fudan University, Shanghai, March 24, 2019.

Chapter 2 Literature Review

2.1 Introduction

In this chapter, there will be a literature review of the topic, namely the development of the subnational government and its involvement in foreign affairs or external affairs of their countries of origin. With a specific focus on the Macao SAR's external affairs as one of China's subnational governments in today's world politics. Apart from introducing the concept of the subnational government, this chapter will be presented into three-layered structure. First of all, it will discuss the international level, with the emergence of the subnational government concept and subnational actors' involvement in the international system, and what the typical examples of subnational governments across the globe are like. Furthermore, the second part, will focus on the domestic situation in mainland China, with regards to how local subnational administrations work in turn with the central government in Beijing to further their and the nations interests globally. One can highlight, the influential subnational governments of Jilin province, Guangxi Zhuang Autonomous Region and the Shanghai Municipality. However, last but not least, focus will turn to the Macao SAR and how it functions within the framework established in 1999. Currently China has more than 30 subnational governments at the provincial level, of which includes, Guangdong, Zhejiang, Shandong and Jilin. In addition to this, they can also be municipalities such as Beijing and Shanghai and autonomous regions like Guangxi, Xinjiang and Tibet. With special mention to the two special administrative regions of China, Hong Kong and Macao. In this case, all of the administrative units are operating based on being a province of China, acting as subnational governments in partnership with Beijing. Their ability to act on behalf of China's central government in world

politics has been significantly increasing within recent years. Hence, the literature review of this thesis will primarily discuss, the existing literature relating to the topic, what are their findings, what are their limitations and issues left unsolved or unanswered. The purpose of the literature review is to serve as an explanation of the issue at hand and find the gap for continual research.

2.2 Subnational Government as a Concept

In the last few decades, the world has witnessed an unprecedented growing influence of subnational governments in today's world politics. The trend in the rising influence of subnational governments in the world was caused mainly by two factors – the decentralization of states' politics in the international system and the advancing progress of globalization. In the present day, states in the international system have faced many challenges, and so, many of them have a tendency to move towards decentralizing their powers down to their domestic subnational governments. With these two forces, the world political bodies have generated a wide range of new types of diplomatic behaviors, such as para-diplomacy, micro-diplomacy, proto-diplomacy, non-central government diplomacy, and multilayered diplomacy.¹⁹ So, they all serve as alternative models for governments on the subnational level, in relation to their own central governments.

Furthermore, the second factor was the development of globalization. In this sense, advanced globalization has been making the world become 'smaller', states in the

¹⁹ Luis Moreno, "Theory and Practice of Paradiplomacy: Subnational Governments in International Politics," *Regional & Federal Studies* 26, no. 2 (2016).

international system are becoming more familiar with each other, becoming more aware of domestic politics, culture and so forth. For instance, “[G]lobalization has raised material living standards and public service expectations, and mobilized economic resources, making it harder for governments to corral and deploy them within territorial borders”.²⁰ Moreover, “[G]lobalization has increased spatial mobility, with social and economic activity now expanding well beyond the territorial borders of governments”.²¹ In addition, these changes have led the states in the international system to pass down their power from the central governments down to governments at the regional or subnational level, in order to better enable the states to participate in world politics. In this sense, central governments in the world have transferred the responsibilities for achieving their collective goals, down to the subnational governments. This helps the central government, optimize the political and economic gains of their states in the international system. Similarly, the subnational governments are determined to seize the opportunity to develop themselves in this new global setting. Over the last two decades, globalization has enabled a truly global movement of “people, goods, and services, opening up new windows of opportunity for the subnational governments that have the ability to seize them”.²²

Therefore, we could argue that nearly all of these changes have largely contributed to the trend of decentralization of states’ politics in world politics, which have given

²⁰ Alexander Lawrie, "The Subnational Region: A Utopia? The Challenge of Governing through Soft Power," in *Handbook of Research on Sub-National Governance and Development*, ed. Eris Schoburgh and Roberta Ryan (Hershey, PA, USA: IGI Global 2017).

²¹ *Ibid.*, 97-98.

²² Rodrigo Tavares, *Paradiplomacy, Cities and States as Global Players* (New York, US: Oxford University Press, 2016), 40-41.

subnational political units more powers in engaging world politics. In a deeper sense, the rise of subnational governments comes with a trend of decentralization of the political structure. It is a dynamic process that relates to the power distribution of authorities, responsibilities, resources, functions on different levels of a state's governmental entities.²³ Similarly, Dubois and Fattore argued that the concept of subnational government refers to “a structure and a process; that it focuses on questions of authority, responsibility, and power, as well as function and resources; and that it draws attention to the transferring entity (central government) and the receiving entities (subnational governments).”²⁴ Therefore, with authorization from a state's central government, it gives more powers to subnational governments beneath it, allowing the latter to participate directly in today's world politics. In this sense, the power lies with policies, finance, political mandates and so forth.

2.2.1 Subnational Governments in the World

The research on subnational government is a relatively new topic in the field of international relations, because in the past, the diplomatic decisions of states were almost entirely made by central governments of states in the international system. The subnational governments in each state did not have the chance or power to perform duties in the same arena as their central governments did. However, with the increased interdependence between states, sub-state actors and governments, we see connections

²³ Roberta; Woods Ronald Ryan, *Decentralization and Subnational Governance: Theory and Praxis*, ed. Eris; Ryan Roberta Schoburgh, Handbook of Research on Sub-National Governance and Development (Hershey PA, USA: IGI Global, 2017), 1.

²⁴ Dubois and Fattore, 2009 in Roberta Ryan and Woods Ronald, *Decentralization and Subnational Governance: Theory and Praxis*, ed. Eris Schoburgh and Ryan Robertaibid. (Hershey, PA, USA), 3.

becoming closer in this globalized world. Today's world politics is no longer like what it used to be, namely each state's central government decides everything in terms of diplomatic decisions and behaviors, leaving no room for other subordinate political units to act. With the emergence and development of globalization, there has been a decentralization of diplomatic power, from the top of government down to the government on local, regional and municipal levels. The study of subnational governments was pioneered by Hocking in the 1990s, in his book "*Localizing Foreign Policy: Non-Central governments and Multilayered Diplomacy*".²⁵ He argues that central governments are no longer the only ones performing functions in international diplomacy; instead, he argues that today's world politics should be analyzed on different levels. Of which, would include top, meso²⁶ and low levels. For instance, he famously created the multilayered diplomacy theory, which offered a new channel to look at today's states' multi-dimensional diplomatic behaviors in the international system.

Therefore, today's world politics is no longer entirely seen as an image of state-centric politics. In Hocking's words, "[P]olyarchy, polyocracy, multilevel governance, multilayered diplomacy, each in their own way convey images of a growing phenomenon: the intersection between subnational, national and international political arenas".²⁷ The scope and dimension of global politics has changed dramatically compared to decades ago. It has expanded significantly in accordance with increasing

²⁵ Brain Hocking, *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy* (London: Macmillan and St Martin's Press 1993).

²⁶ It indicates a level falls among macro and micro, top and low levels.

²⁷ Brain Hocking, "Bridging Boundaries: Creating Linkages, Non-Central Governments and Multilayered Policy Environments," *Welt Trends* 11 (1995): 37.

levels of global interdependence. Global politics is covering 'new' policy areas such as environmental issues, human rights, immigration, terrorism, monetary and trade instabilities, sustainable development and so forth.²⁸ These common issues are now no longer only handled by central governments, but also by their subnational political units and institutes with the authorization from the former. According to Jain, subnational government refers to one country's subordinate governments in different levels, and together with many other non-state organizations they have become important actors in international affairs.²⁹ This concept of subnational government was more notable in Federal state system, such as in United States, and Canada. In those countries, there is a difference between subnational government and local government. For them, local government does not involve federal government, though federal government is under the jurisdiction of the central government, such as in the United States for instance. However, subnational government usually refers to federal government rather than local government.³⁰

For the study of subnational government, most of the academic works have been found and focused on states like Canada, Spain, France, Japan and so forth. Taking France as an example, it is a country that has been facing both centralization and decentralization throughout its hundred years of history. A recent trend towards decentralization with the French government occurred because its aim was to ease the

²⁸ Theodore Cohn and Patrick Smith, "Subnational Governments as International Actors, Constituent Diplomacy in British Columbia and the Pacific Northwest.," *BC Studies*, no. 110 (1996): 25.

²⁹ Purnendra Jain, *Japan's Subnational Governments in International Affairs*, ed. Glenn D Hook, Sheffield Centre For Japanese Studies/Routledge Series (Oxon: Routledge, 2005), 1-3.

³⁰ Changxin, 2-3.

“excessive burdens of the highly centralized political system of the Welfare State”...³¹

However, the French central government did not intent to give much political powers to the local governments. In contrast to this, Loughlin argues, this move towards decentralization by the French government was ended by giving “regional and local authority’s greater decision-making discretion”.³² Although, history sometimes rolls itself back and forth, scholar Loughlin stressed that decentralization “empowers subnational actors so that they can more efficiently take part in competing for resources and develop their own assets”.³³ Another example is Japan, a book written by Purnendra Jain on “*Japan’s Subnational Governments in International Affairs*”.³⁴ In the book, the author argues that the emergence of Japan’s subnational governments relates to two factors. The first of which, was the strengthening forces of globalization and the advancement of technologies, which continued to erode the authority of national borders, which was previously seen as a mechanism and regulator of international flows. Another factor, is that inside Japan the central government’s power was weakening, affected by the aforementioned international flow of transformation. Therefore, helping the subnational governments of Japan to make contact with foreign countries for trade and economic cooperation is one of the strongest motivations, according to Jain.³⁵ So, similar to other states, gradually over time, conducting international relations and influencing foreign policy are no longer the sole duty of Japan’s central government. In this sense, via the Japanese Ministry of Foreign Affairs,

³¹ John. Loughlin, *Subnational Government, the French Experience* (New York: Palgrave Macmillan, 2007).

³² Ibid.

³³ Ibid., 11.

³⁴ Jain.

³⁵ Ibid., 10.

new actors based on Japan's regional and subnational levels are becoming significant in conducting and influencing Japan's international relations.³⁶

2.2.2 China's Subnational Government in Foreign Affairs

With the trend of global decentralization in terms of world politics, China is not an exception. Additionally, it is also a Chinese strategy to let the nation participate in international affairs by allowing its subnational governments' direct contact with foreign countries and regions. The initial transformation of subnational governments started in 1978, it came with the market reform and opening up of China. Deng Xiaoping initiated the great plan of the market reform and he opened up a gateway for China to grow and develop rapidly. For example, China has become the second largest economy within only four decades, by opening up its economy to the world. This policy change has enabled regional and subnational governments to make direct contacts with foreign countries and regions for communication, trade and cooperation, with the consent and guidance from Beijing. With the market reform and opening up of China in the late 1970s, governments at provincial level and local levels found that they were given more powers to grow and expand economic relations with foreign countries.³⁷ This policy in China has helped shape the current globalized world that we are living in and both state and non-state actors' interrelations and interactions have never been closer as a result. As Hocking once put it, today's world has the feature of

³⁶ Ibid., 1.

³⁷ Dominik Mierzejewski, "Channelling Foreign Policy through Local Activities in China: City of Guangzhou Case Study " in *Paradiplomacy in Asia, Case Studies of China, India and Russia*, ed. Malgorzata Piettrasiak, et al. (Poland: Lodz University Oress, 2018).

internationalization when it comes to domestic affairs, and domestication of foreign affairs.³⁸

Even though there is no exact date of when the de-centralization of politics began in China, in academia it was generally agreed that it was initiated when China opened up in the 1970s. Overall, the process has granted China's local governments more powers and responsibilities than ever before, and these new conditions were legalized in China's Constitution in the year 1982. When comparing the local governments around the world, Tavares gives a good summary of how China's subnational governments have emerged into today's world politics, as he writes³⁹,

The reform process initiated in the late 1970s granted the provincial governments a wide range of responsibilities in local affairs. The administrative measures taken in this direction were formally codified in the 1982 Constitution, which provided that the provincial governments were responsible in the management of local 'economy, education, science, culture, public health, physical culture, urban and rural development, finance, civil affairs, public security, nationalities affairs, judicial administration, supervision and family planning in their respective administrative areas (Art. 107). Although, the constitution makes no reference to the capacity of the provinces on foreign affairs, political practice in China indicates that the local governments may conduct international relations on their areas of domain. Over the years, one has witnessed a gradual transfer of power and autonomy to the provinces in multifold areas, including foreign relations, leading Chinese provinces to enter the group of the most proactive actors in subnational external affairs.

Regarding the literature of China's subnational government study in academia, there are some leading researches being conducted by scholar Zhimin Chen from Fudan

³⁸ Hocking, *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy*.

³⁹ Tavares, 71-72.

University. He focuses on how some southwest border regions' governments' (such as Yunnan, and Guangxi) engage with neighboring countries ⁴⁰. Chen has also published a specialized book named *Subnational Government and Foreign Affairs* in the early 2000s. It can be stated, that Chen is a pioneering scholar when it relates to exploring China's subnational government in today's world politics. With reference to his work, he applies a multi-layered method to analyze these Chinese subnational governments' engagement abroad. In Chen's work, he argues that with the trend towards decentralization of China's politics and the advancement of globalization, China's subnational administrations are able to pursue their own external affairs, with the authorization of the central government.⁴¹ When looking over the existing literature, the main focus tends to be on China's administrative units on a provincial level, such as Jilin Province, Shanghai Municipality and Xinjiang Uygur Autonomous Region and so forth (see table 1), which has been highlighted in the table below showing the current numbers of China's subnational governments on a provincial level.

Table 1 China's Subnational Governments on Provincial Level⁴²

Provinces			Autonomous Regions	Municipalities	Special Administrative Regions
Anhui	Henan	Shaanxi	Guangxi	Beijing	Hong Kong

⁴⁰ China's central government has been encouraging its regional government to sign inter-regional co-operation agreements with foreign countries, such as Yunnan and Burma, Guangxi and Vietnam. See, Aldecoa Francisco and Keating Michael, *Paradiplomacy in Action: The Foreign Relations of Subnational Governments* (Psychology Press, 1999), 44-45.

⁴¹ See Chen Zhimin, *Subnational Governments and Foreign Affairs* (Beijing: Long March Press [Chang Zheng Chu Ban She], 2001). Also see Zhimin Chen and Jian Junbo, "Chinese Provinces as Foreign Policy Actors in Africa," *Occasional Paper* (2009).

⁴² Data gathered from the State Council of the PRC official website, retrieved from: <http://english.www.gov.cn/archive/> Accessed on 31/05/2019

Fujian	Hubei	Shandong	Inner-Mongolia	Chongqing	Macao
Gansu	Hunan	Shanxi	Ningxia	Shanghai	
Guangdong	Jiangsu	Sichuan	Xinjiang	Tianjin	
Guizhou	Jiangxi	Yunnan	Tibet		
Hainan	Jilin	Zhejiang			
Hebei	Liaoning	Taiwan			
Heilongjiang	Qinghai				

When Minmin Wan produced her master's thesis at Fudan University, she argued that the background of globalization has created new opportunities for subnational governments in China. Similarly, she added that the change in circumstances for the administrations was in part influenced by international organizations and media. To which she stressed it was "crucial for China to develop a good image and prove to be responsible and reliable" as a state.⁴³ In turn, as a result of this, the central government assigned such responsibilities to the respective subnational governments. In her work, she highlights the Shanghai municipality, with a case study of the Special Olympic Games in 2007. Her reasoning for focusing on this, is that Wan thinks this is a good example of how its residents made great efforts to take part in international communication and building China's image in line with national strategies.⁴⁴ In Changxin Jiang's doctoral thesis, he argued that, taking the example of Jilin Province and its related international cooperation, as one of China's subnational governments, the "international cooperation of sub-national governments is reasonable and inevitable".⁴⁵ He has also proclaimed, that globalization has led to decentralization, which in turn, has given more autonomous power to subnational governments.

⁴³ Minmin.

⁴⁴ Ibid., 1-5.

⁴⁵ Changxin.

Moreover, he adds that the outreach of subnational governments can make up for the “shortages of central governments”.⁴⁶ Each subnational government has its own missions that are designed to contribute to China’s national development. For example, in Jilin province, Jiang argues that the plan there is to rejuvenate an old industrial base and use international cooperation to exploit the Tumen River.⁴⁷ In Chong Feng’s doctoral thesis, he proclaims that the rise of subnational governments is as a result of two factors, one the trend of globalization and the other growing movement towards decentralization. In paying particular attention to Xinjiang in his thesis, the author mentions the idea of “local globalization”. This is done to illustrate the new cooperative environment for China’s subnational governments to participate in their related international cooperation within China.⁴⁸ In the case of Xinjiang, it has been tasked with making contact with Central Asia, and Feng exerts that, “Xinjiang has completed its transition from closed to open, from being passively involved to actively participating, in the past few decades”.⁴⁹ One can argue that these three authors add valid points to the discussion over China’s subnational governments and their related external affairs and international cooperation at a Chinese provincial level.

2.2.3 Macao SAR as China’s Subnational Government

⁴⁶ Ibid., 1-10.

⁴⁷ Ibid. Tumen River serves as part of the boundary among countries of China, North Korea (DPRK) and Russia. In 1995, China, Russia, North Korea, South Korea and Mongolia signed agreements to create the Tumen River Economic Development Area.

⁴⁸ Chong Feng, "The Role of Subnational Government in International Cooperation, Taking Xinjiang as an Example, [Ci Guojia Zhengfu Zai Guoji Hezuo Zhong De Zuoyong, Yi Xinjiang Zhengfu Weili]" (Zhejiang University, 2014), 1-4.

⁴⁹ Ibid. In addition, Xinjiang is commissioned to strengthen its links with the neighboring republics of Central Asia whereas Muslim as the local population majority, see Francisco and Michael, 44-45.

In China, there are subnational governments at the provincial level, along with the two special administrative regions (SAR) of Hong Kong and Macao. This research will focus on how the Macao SAR conducts its external affairs and its international cooperation, as one of China's subnational governments.

In addition to this, one would like to mention that when trying to find research materials based on the Macao SARs external affairs, the results have been limited and underdeveloped. Now the reason for this, is probably that not much attention has been drawn to this subject, and the concept of subnational government is relatively new. So far, there are only a few scholars that have touched upon this topic. It can be stated, that there are several possible reasons why this is the case, amongst them, the tiny size of Macao. Moreover, one strongly feels that it was forgotten about by the world under Portuguese rule, but it has become more well-known and internationally recognized since returning to mainland China. Another factor to highlight, is that focus on subnational governments is a relatively new concept in the field of international relations and it has not been long enough for the academics to shift their attention from the main historical powers to the non-dominant actors in the international system.

In the current literature, there are only three doctoral dissertations that have been completed, which are related to Macao's political and economic development. Though, their findings and research rationales do not cover this thesis's research goal, namely the Macao SAR's external affairs in a systematic way. For instance, there is one doctoral dissertation named "*Macao as a Service Platform for the Economic Co-operation between China and Portuguese-speaking Countries*" written by Lee Peng

Hong.⁵⁰ In Lee's work, he focused on the Macao SAR's economic functions, and the possibility that the region could serve as a platform between China and the PSCs. His work published in 2006, during the early years of the Forum Macao. Similarly, in Lee's thesis, he primarily focused on the economic data of Macao before and after the power transition in 1999. Despite his efforts, he had a weak explanation on what should be the boundaries and rules for Macao, especially when it comes to how SAR should conduct its external activities with Portuguese speaking countries in terms of trade and economic cooperation. Though, it should be taken into consideration that the Forum Macao had only been running for two years when he published his thesis, so it would have been hard then to properly assess the real potential it had. In the last decade, a dissertation was produced in University of Macao in 2014, titled "[T]he impact of international organizations on Macao"⁵¹. The dissertation itself was on the subject of Public Administration rather than in the field of International Relations. It asks the questions of how international organizations affect local governmental administrations in terms of their decision making mechanisms, and the possible impacts of the former over the latter. The topic itself has its merits, however, it is not that relevant a subject to my thesis, plus the depth of the work was rather limited and short compared to its peer doctoral theses. The third thesis was done by Gengyi Wang from China Renmin University, "*A study on American's influence on Macao's society in the perspective of para-diplomacy theory*".⁵² In Wang's work, he believes in this concept of para-

⁵⁰ Peng Hong Lee, "Macao as a Service Platform for the Economic Co-Operation between China and Portuguese-Speaking Countries" (Tsinghua University, 2006).

⁵¹ Hoi Sun Iong, "The Impacts of International Organizations on Macau" (University of Macau, 2014).

⁵² Yigeng Wang, "A Study on American's Influence on Macau's Society in the Perspective of Paradiplomacy Theory, "Aomen Shehui Zhong De Meiguo Yinsu --- Pingxing Waijiao Lilun Kuangjia Nei De Taolun"" (China Renmin University, 2008).

diplomacy which refers to the cross-border foreign relations carried out by “sub-national entities and local government, interpedently for the purpose of promoting its own benefits and interests.”⁵³ Furthermore, he highlights how that in Macao during the period of 1974 to 1999, was a “time when Macao’s para-diplomacy yielded the most substantial result”.⁵⁴ But his work constantly applied para-diplomacy theory to Macao after its return to the motherland in 1999 seems to be incorrect, as many areas of the Macao SAR’s external affairs would clearly need the authorization form the central government, but Wang’s theory seemed to have jumped over that part.⁵⁵ However, none of these works focused solely on the Macao SAR’s external affairs, therefore it left a question unanswered, which is how exactly does the Macao SAR conduct its external affairs, and what are the factors affecting the Macao SAR’s decision-making in terms of participating in tis external affairs? Moreover, what are Macao’s advantages as a subnational government and how to utilize these strengths in its political and economic realities in the region? In addition to this, there is a master’s thesis submitted by Jinfei Xu from Fudan University, who focused on the interrelations among the Macao SAR, China and the PSCs. In his work, his primarily focus was over the Macao SAR Platform, he believes the platform “which the hardcore is the Forum of Economic and Commercial Cooperation between China and the Portuguese-speaking Countries, and dig into its effective performances in the cooperation in the field of economics, politics, human resources and etc.”⁵⁶

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid., 5.

⁵⁶ Xu Jinfei, "The Inter-Relations among Macau Special Administrative Region, China, and Portuguese Speaking Countries" (Master Thesis, Fudan University, 2009).

Other than dissertations, there are a number of journals and books that have been written over the topic of Macao and related political issues. Carmen Amado Mendes converted her doctoral dissertation into a book and named it *Portugal, China and the Macao Negotiations, 1986 – 1999*.⁵⁷ It focused on some insider issues relating to the transitional period and the negotiations over the process of Macao's return to the motherland. Also, Mendes looks at how this time period shaped the Macao SAR. A few years before her completion of the book, Mendes and other Portuguese scholars co-opted a project named "*Assessing the 'One Country, Two Systems' Formula: The Role of Macao in China's Relations with the European Union and the Portuguese Speaking Countries*"⁵⁸. This project focuses on the period after the handover of Macao in 1999, how the mainland utilizes its foreign policy and how the region acts as a 'middle man' between China and the two big political blocs, the European Union (EU) and Portuguese-speaking countries (PSCs). The project offers a first glance at the Macao SARs external role and its evolution within the legal framework of the model of "One Country, Two System" principle. However, the project did not give a firm conclusion on how exactly Macao was acting as a SAR of China's central government. Similarly, neither did it apply the theoretical framework of theories that were applicable to subnational governments, all authors of the project agreed that only a preliminary conclusion could be drawn at the time.

⁵⁷ Carmen Amado Mendes, *Portugal, China and the Macao Negotiations, 1986 - 1999* (Hong Kong Hong Kong University Press, 2013).

⁵⁸ Carmen Amado Mendes et al., "Assessing the "One Country, Two Systems" Formula, the Role of Macau in China's Relations with the European Union and the Portuguese Speaking Countries," *University of Coimbra* (2011).

In addition to this, scholar Weiqing Song published an article titled “*A Special Regional Actor in the World: Conceptualization Macao’s Diplomatic Behavior*”.⁵⁹ In his article, based on the Macao SAR experiences, he pictured three major diplomatic models that this region would operate under “intrastate diplomacy with mainland China, sub-state diplomacy as a part of a wider Chinese national policy and quasi-state diplomacy as an autonomous entity in international affairs”.⁶⁰ He applied three case studies to reinforce his framework, “the Closer Economic Partnership Agreement, the Sino-Portuguese Economic Forum and the bilateral relations between Macao and the European Union”.⁶¹ His article provided a useful illustration of how Macao looks towards its external relations with mainland China, other countries and regions. Moreover, there is an article written by scholar Paul B. Spooner named “*Macao’s Trade with the Portuguese Speaking World*”⁶² from 2016. This article focuses on the Macao SAR economy, especially its gaming business. In addition to this, he looks into how this region interests with Lusophone countries in terms of their trade relations after the power transition in 1999. By observing the publishing timeline of the works discussed above, it can be found that, the study of the Macao SAR, its external relations and related issues started approximately from 2011. This was more than a decade after the return of Macao to the motherland in 1999. It can be understood, that the Macao SARs external relations are being given more attention by the government and academia. Furthermore, a new national initiative that related to Macao was released in

⁵⁹ Weiqing Song, "A Special Regional Actor in the World: Conceptualising Macao’s Diplomatic Behaviour," *China: An International Journal* 13, no. 3 (2015): 154.

⁶⁰ Ibid.

⁶¹ Ibid., 154.

⁶² P. B Spooner, "Macau's Trade with the Portuguese Speaking World," *Journal of Global Initiatives: Policy, Pedagogy, Perspective* 11, no. 1 (2016).

the early this year, it is the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), where the Macao SAR enters into a partnership with three other cities in the region to become the “core engine” cities of the GBA (other three cities were Guangzhou, Shenzhen and the Hong Kong SAR). In terms of the research field of the Macao SAR, the works discussed above could be considered as the very first academic contribution to this field of study. The other students’ researches have only somehow touched upon the topic without total focus over the subject.

2.3 Summary

In summary, in recent decades, there has been an obvious developing trend of political decentralization among the states in the international system, with the advancement of globalization being one of the major forces. Political decentralization enables a state’s central government’s ability “to disperse responsibility for a policy to its field offices or regional branch offices.”⁶³ Similarly; it gives more opportunities to regional governments to play a greater role in the decision-making process when it comes to foreign and external affairs. These two forces have driven the rise of subnational government across the globe. In addition to this, these two forces have changed the traditional way of diplomacy, which was solely based on states’ central government in the international system. With these two forces, the world is becoming ‘smaller’, countries are more familiar with each other’s domestic affairs than ever before. These countries’ central governments in the world have found themselves unable to keep pace with these changes. Therefore, in order to catch up with such a transformation for

⁶³ Ryan and Ronald, 5.

greater diplomatic outcomes, they have given more powers and authorizations for their sub-national actors to directly engage with foreign countries and regions.

Similarly, one can highlight that a significant amount of research has been published that relates to global and China's subnational governments' participation in today's international politics. The research that has been released, has found that there still is a clear gap in terms of the coverage in regards to China's Special Administrative Regions. One can bring attention to the fact that, that research has been underdeveloped in relation to China's subnational governments at the provincial level, like Jilin and Shanghai. In the case of the Macao SAR, even though some do address elements of this regions external relations, none of them do this in a wide ranging and detailed manner. Many of them only focus one element, such as, the "One Country, Two Systems" principle⁶⁴, the Macao SAR's potential as a service platform for economic cooperation between China and the PSCs,⁶⁵ or how the US influences Macao society⁶⁶. Therefore, in order to systematically explain the Macao SAR's external affairs, as one of China's subnational governments, and to fill the research gap of this subject, has become the rationale of writing this PhD thesis.

⁶⁴ Mendes et al.

⁶⁵ Lee.

⁶⁶ Wang.

Chapter 3 Theoretical Framework and Methodology

3.1 Theoretical Framework

The theoretical framework of this doctoral thesis attempts to illustrate and explain the current Macao Special Administrative Region's (SAR) external affairs. Moreover, this thesis intends to investigate the following related theories in the current literature within the subject of international relations, and examine how would they fit and contribute to the thesis's theoretical framework. Furthermore, at the current moment, when assessing literature that relates to international relations, there are three dominant and contested theories. These particular theories can be applied to subnational governments in international politics and they are the para-diplomacy theory, the multilayered theory and the state-centric theory.

This research has a clear focus on the subject of subnational government in terms of its external or foreign affairs, based on the fact that these subnational actors are acting with increasing importance and playing more roles in today's world politics. With the transformation of world politics, diplomacy is no longer a 'top down' structured political structure among different national governments in the international system. In addition, thanks to the development of globalization and advances in communicative technology in today's world politics, governmental units at the local level can enjoy different degrees of autonomy. Similarly, self-determination over powers and roles relating to external affairs, with authorization from the national administration, sees subnational governments able to make contact with different foreign countries.

Of course, the degree of autonomy of subnational governments in terms of external and foreign affairs differs from state to state. This political phenomenon, gives birth of the three theories mentioned above. Also, focusing on the theme of this thesis, it here lies a new attempt to analyze this regions external affairs through the lens of a theoretical framework, as the existing literature over this topic has been rare. The following part of this chapter is going to demonstrate the meaning behind these theories. Additionally, one will examine how they would fit into the study of the Macao SAR for its external affairs, through the channel of studying the subnational government. These theories are closely related to the diplomatic relations both at central governmental level and the local level. After analyzing each theory, an institutional framework will be drawn at the end of the section. The primary reason for doing this is to explain the theoretical relationships between the Macao SAR and the central government, with projected research hypothesizes included.

3.2 Research Questions

Before beginning the discussion of the related subnational government's theories, with the given research background which has been introduced and discussed throughout Chapter 1 and Chapter 2, in this thesis, it proposes the following research questions.

In this doctoral thesis, it asks the central research question of, “[H]ow *autonomous Macao is, in external affairs, and why that is a case?*” In addition, during the research process, the thesis will break down the central question into four sub-questions, which are:

1) How much power has the central government authorized Macao in terms of its external affairs in institutional and legal means?

2) How has Macao exercised its autonomous power in external affairs? What has Macao accomplished in terms of its external affairs? What has changed compared to the Portuguese Macao before 1999 in the same matter?

3) What limitations and challenges is Macao facing in its external affairs?

4) What are the underdeveloped potentials for Macao to carry out in its future external affairs?

3.3 Theories for Subnational Government in World Politics

3.3.1 State-centric diplomacy

The first theory to highlight is the state-centric theory, which emerges from the book of *Politics Among Nations: The Struggle for Power and Peace* by Hans Morgenthau published in 1948⁶⁷. In the book, it argues that when it comes to international politics, states are the main actors and participants, who play a crucial role and make all the important decisions.⁶⁸ In the eyes of state-centric theorists, all other sub-state actors are insignificant in realm of international politics. This theory was developed and derived into neorealism, which further argues that states are the most important actors and units in the international system.⁶⁹ Neorealists argue that the distribution of power among states is the most important factor that shapes international order and foreign

⁶⁷ Hans Morgenthau, *Politics among Nations: The Struggle for Power and Peace* (McHill Humanities Social, 1948).

⁶⁸ Ibid., 1-15.

⁶⁹ W. Julian Korab-Karpowicz, "Political Realism in International Relations," Stanford Encyclopedia of Philosophy, <https://plato.stanford.edu/entries/realism-intl-relations/>.

policies of each state.⁷⁰ Neorealist' state-centric theory offers a clear structure of analytical framework for understanding the importance of states and security issues in the international system. Speaking from the state-centric theorists' perspective, the state-centric theory acts in a traditional way of looking at diplomatic behaviors among major powers on the subject of international relations, these theorists would argue that this state-centric theory triumphs over the other two theories. Frequently, this theory acts as a criticism of para-diplomacy and multilayered diplomacy theories. For instance, the state-centric theorists think that these two theories would undermine and restrict the ability of a state-centric government to function effectively and efficiently on the global stage.

In the case of the Macao SAR, considering it from the perspective of a state-centric theory, it would probably not have much power in terms of its external affairs, due to control from the central government (see figure 1). However, the state-centric theory ignores the impact of other types of international actors and many other non-security agendas in world politics. Nevertheless, this falls short of explaining the matter at hand,⁷¹ especially with the emergence of subnational governments onto the international stage. So, one strongly feels that this leaves the opportunity to explore this weakness in the argument that the state-centric theory dominates. Also, the Macao SAR runs under the "One Country, Two Systems" principle, followings the rules of "Macao People Administering Macao" and it enjoys high degree of autonomy. Of

⁷⁰ Duchacek, Ivo, D, *The Territorial Dimension of Politics: Within, Among and Across Nations*, (Boulder: Westview Press) in Zhimin, 18-19.

⁷¹ Ibid.

which, further undermines the theoretical ground for the state-centric theory and its overall applicability to the region.

3.3.2 Para-diplomacy Theory

Moreover, there are two other theories that look at the role of state in a completely different way, which are para-diplomacy theory and multilayered diplomacy theory. For para-diplomacy theory, it emerged in the 1980s. The theory itself, is a micro-concept under the term of diplomacy. For diplomacy, it is a term often used to describe the affairs and activities among international state actors, which is commonly defined as “the art and practice of conducting negotiations between nations”.⁷² On the other hand, for para-diplomacy, it is “generally referred to in the academic literature as the involvement of the constituent units (regions) of (multi)national states in international affairs”.⁷³ In simpler words, para-diplomacy is the subnational government’s approach to participate in foreign affairs, in parallel relations or shapes with its central government.⁷⁴ Therefore, for para-diplomacy, subnational administrations enjoy some degree of autonomy in international affairs. In this regard, subnational governments can spread their voice on the international stage to advocate for their own interests. In addition to this, the model breaks the traditional diplomatic orthodoxy; that one state’s voice only comes from its central government. Based on the para-diplomatic model, sometimes the voice of the subnational government can be contradictory to the central government, and therefore jeopardize one state’s diplomatic efforts in the international

⁷² "Diplomacy from the Dictionary ", Merriam-Webster, <https://www.merriam-webster.com/dictionary/diplomacy>.

⁷³ Alexander S. Kuznetsov, in *Theory and Practice of Paradiplomacy: Subnational Governments in International Politics* (New York: Routledge, 2015).

⁷⁴ Ayman El-Dessouki, "Domestic Structure and Sub-National Foreign Policy: An Explanatory Framework," (Review of Economics and Political Science, 2018).

system. In this regard, the typical examples would be the Catalan region of Spain and Quebec in Canada, these subnational governments run in a relatively independent way. For example, they participate in international affairs for their own interests, their objectives sometimes co-ordinate with their central government, however, frequently they speak in different tones.

In practice, this notion is more popular in federal states than in one unitary state like China. For example, the concept itself is popular in the United States, where the country operates under a federal system, each of the fifty states has elements autonomy, under the restriction of Constitution Law and other related legislations.⁷⁵ A state with strong economy in this system would build stronger connections abroad for economic and trade co-operation, such as in the states like California and New York. China on the other hand, after the market reform and opening up since the late 1970s, gradually adopted this notion, by empowering more administrative powers to the nation's local governments.⁷⁶ Although, China is a unitary state, there is still the opportunity for different levels of governments to voice their opinions. For instance, during the Hu Jintao administration, there was a period of time where China had tensions with Japan. At this time, the MFA of China "took a very strong position, while Shandong province, dependent on Japanese investments and trade cooperation, has tried to soften the central government's position".⁷⁷

⁷⁵ Ibid.

⁷⁶ Mierzejewski.

⁷⁷ Ibid., 95.

Other Examples of international subnational governmental units are found with Scotland in the UK, the Länder in Germany and the oblasts and the republics in Russia. Focusing on the phenomenon of para-diplomacy through its theoretical and practical aspects is meant to shed light upon this area of academia. A growing level of interest among academics and practitioners in the field of para-diplomatic units, is taking place because it is gradually playing a significant role in shaping the foreign and domestic policies of central governments.⁷⁸ The phenomenon of rising para-diplomacy has been given credit by the following factors: (1) the development and advancement of globalization; (2) the rising interdependence of regional and international trade between states and transnational regions.⁷⁹ With the emergence of para-diplomacy, there are scholars who were in the field of the state-centric camp who have shifted their research to what impact can sub-state actors influence in the world politics, and can they enhance local administrations security objectives? Some of the findings are, first, though the number of activities of subnational governments have increased, however, they are insignificant compared to state governments.⁸⁰ Second, the inharmonious working style and procedure between sub-state government and central government may be harmful to the state.⁸¹ For example, Peter Boyce has published work about international negotiations, in his book, he argues that there are an increasing number of inharmonious voices and demands between subnational

⁷⁸ Kuznetsov.

⁷⁹ Moreno.

⁸⁰ Peter Boyce, "International Relations of Federal States: Responsibility and Control," in *Governing Federations*, ed. Michael.; Williams Christopher.; Sharman Wood, Campbell. (Sydney: Hale& Iremonger Pty Limited, 1989).

⁸¹ Ibid.

governments and their respective central government. Overall, he proclaims that this makes a state appear “weak” in terms of its ability to negotiate with other countries.⁸²

In the case of Macao, the SAR government to some extent, operates its external affairs in a parallel way compared to China’s central government (see figure 1). Both the central government and the Macao SAR government have their own departments and units in operating foreign and external affairs. At the national level, China’s diplomacy is rooted in the Ministry of Foreign Affairs (MFA). On the other hand, for the Macao SAR administration, there is no such governmental body because Macao’s diplomatic work is the responsibility of the central government. Though there is an office in the Macao SAR that is related to Macao’s external affairs, and that is the Public Relations and External Affairs Bureau⁸³. Similarly, sometimes the Macao Trade & Investment Promotion Institute would contribute to the subject of economic and investment related issues. Although, there are some criticisms of the para-diplomacy theory, in that they argue it is not applicable to the relationship between the Macao SAR and China. In terms of why they argue this, is that the Macao SAR is a part of China and its external affairs’ power was authorized by the central government with given limitations and boundaries. However, this thesis argues that though Macao SAR is unlike other subnational governments in the world, to some extent, there are still some parallel

⁸² Ibid.

⁸³ After a thorough research and observation based on its official website’s description, the office of Public Relations and External Affairs appears to be an executive office, with a great portion of focus on the public relation and hospitality parts, rather than acting as a decision-making or strategy implementing governmental body. Also based on interview with Dr. José Luís de Sales Marques, he described that particular office as more of a protocol-following and hospitality-providing office. In-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

external relations that are operating between the central government and the Macao SAR government, as will be illustrated in the following institutional framework.

3.3.3 Multilayered Diplomacy Theory

Last but not least, there is the multilayered diplomacy theory, which was developed by Hocking in 1993.⁸⁴ He argues that the sub-state government cannot be a completely independent international actor and it cannot be simply equalized with many transnational corporations. Hocking states that local government involvement in foreign affairs is part of the evolution of the national foreign policy process and represents “the expansion rather than rejection of foreign policy”.⁸⁵ He stresses that subnational governments should not be regarded as autonomous actors, acting separately and in a parallel pattern with its national government.⁸⁶ In addition to this, he also counter argues that subnational governments cannot operate completely as a non-state actor parallel to its central government. Upon reflection, Hocking suggests there could be occasional conflicts between a local government and central government. However, he thinks that most of the time they will opt for cooperation.⁸⁷ With the trends of “domestication of international politics, and internationalization of domestic politics”, coming to the forefront. Hocking argues that local politics, national politics, and international politics are becoming a multi-layered political platform and any actor or entity must act within the multi-dimensions in order to succeed.⁸⁸ Namely,

⁸⁴ Hocking, *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy*.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Zhimin, 23.

⁸⁸ Hocking, *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy*.

the actors and governmental bodies must act and operate at local, national and international levels simultaneously. On the other hand, multilayered diplomacy theory to some extent acts as a counter-theory to para-diplomacy theory. In part, the former argues it is impossible for a subnational government to operate completely in a parallel relationship with its national government. In the case of the Macao SAR, there are different levels of governmental units and departments that are exercising their own capabilities in wielding their external powers (see figure 1). In Beijing, diplomatic affairs are responsible by the State Council, Ministry of Foreign Affairs (MFA), the Ministry of Culture and Tourism (MCT), along with many other departments. In addition to this, at the Macao SAR level, they are helped by the Public Relations and External Affairs Bureau, and the Macao Trade and Investment Promotion Institute. Similarly, there are the departments and offices under the Secretariat for Social Affairs and Culture, as well as many other units of the Macao SAR government. The multilayered diplomacy theory argues that the modern world politics and its diplomacy interact with all the units at different levels. In this sense, the multilayered diplomacy theory sees China's diplomacy as not only determined by the central government, but also includes many other political units. Examples one can highlight are the subnational governments and the political units beneath them, such as in this case, the Macao SAR government and its related departments, which are contributing to the national and regional initiatives.

3.4 Three theories' application to Macao's external affairs

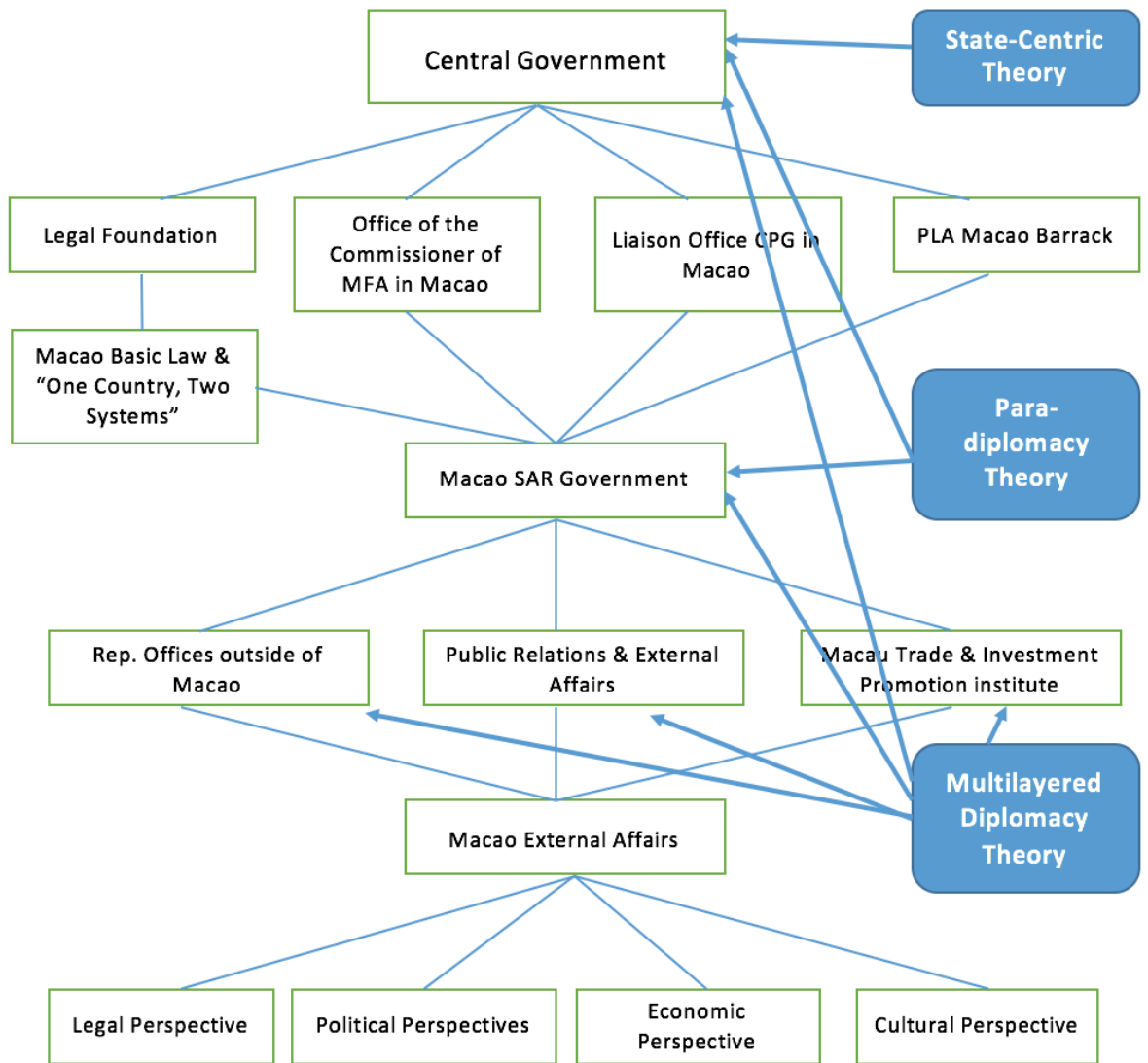


Figure 1 Three theories' application to Macao's external affairs

Based on the three theories discussed above, regarding the Macao SAR's external affairs, and the inter-relations between the Macao SAR and the central government can be explained from the figure above. If the dominant theory relating the Macao SAR's external affairs is the state-centric theory, we can see that the region enjoys very limited power in its external affairs, because there is no Macao local governmental body for this field. On the other hand, if the para-diplomacy theory stands out, we can see that both the central government and the Macao SAR

administration can work together in coordinating Macao's external affairs. Moreover, if Hocking's multilayered diplomacy theory prevails, we can see that not only the two governments at the two levels are working together, but also there has been a great deal of emphasis on the contributions made by departments and offices of the Macao SAR government.

3.5 Research Hypothesis

In order to better conduct the research and base it on the theories discussed above, this thesis asserts that there are three research hypotheses. Moreover, these hypotheses aim to find an appropriate theory or pattern to illustrate the actions of the Macao SAR's external affairs.

Hypothesis 1:

The Macao SAR as a subnational government of China has little power over its external relations. On the other hand, the central government has absolute control over the Macao SAR in this regard.

Based on state-centric theory, the state's central government has absolute diplomatic power and would overrule its non-central governmental units at domestic level. With a stronger and more powerful central government, that will oversee all affairs, as a result, the Macao SAR government will have no power over its external affairs.

Hypothesis 2:

As one of China's subnational governments, the Macao SAR conducts its external affairs in a parallel relationship with the central government.

According to the para-diplomacy theory, the Macao SAR government has the power to conduct its external affairs in a parallel relationship with the central government, though sometimes interests may clash between the Macao SAR government and the central government. However, based on the nature of parallel relations, the Macao SAR government and the central government can operate smoothly, without conflicting with each other. When the central government's diplomatic power grows, so does the Macao SAR's power in its external affairs. In this case, in terms of external affairs, the relations between the central government and the Macao SAR government appear in a harmonious status.

Hypothesis 3:

As China's subnational government, the Macao SAR conducts its external affairs in a multilayered relation with the central government, engaging with political units at all levels.

Based on the multilayered-diplomacy theory, successful diplomatic actions must be carried out by political units at all levels. Of which, includes the central government, the Macao SAR and the departments and offices that are beneath the Macao SAR

government. Therefore, for the Macao SAR's external affairs, all related political units are actually involving and performing their own duties and responsibilities. When the central government's diplomatic power grows, the powers and capabilities of all related political units, progress along with it, of which includes the Macao SAR.

Independent and Dependent Variables

In this thesis, independent variables are the legal basis of "One Country, Two Systems", *Macao Basic Law*, the governance of the central government and the Macao SAR. Other elements one can highlight are the status quo of global politics and external political or security cases.

The dependent variables include the Macao SARs external affairs activities and its engagement with foreign states. Through the hypothesis testing process, one will look into the following variables: the Macao SAR's mandate with its external affairs being hailed from the central government. Of which, includes the regions participation in the Belt and Road Initiative (BRI), the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the Forum Macao and so forth. As well as Macao's underexplored potentials for its cultural affairs based on Macao's historical legacies. For security and political affairs, the political mandate comes from the central government.

Independent Variables (X):

The “One Country, Two Systems” principle: it is the legal basis for the operation of the Macao SAR since 1999. It paves the way for the foundation of the regions external affairs.

The Macao Basic Law: the law legalized the doctrine of the “One Country, Two Systems”. With the Macao Basic Law, it not only regulates the relations between The central government and the Macao SAR government, it also grants the power of autonomy in the regards to the regions external affairs.

The governance of the central government: this important variable is represented by the state’s grand policy. In this case, the central government proclaims the importance of the two SARs of China, namely Macao and Hong Kong. In addition to this, China respects their autonomous administrations, when it comes to their own affairs, with the exception of diplomacy and military defense.

The governance of the Macao SAR government: it determines the motivation and willingness of how the region conducts its external affairs.

The status quo of global politics: this term refers to the stability of the international system. With a stable international political environment, more national projects like the BRI and the GBA can be carried out and implemented.

The Belt and Road Initiative (BRI): the Macao SAR was authorized to participate in the development of the BRI in late 2016. The authorization signals that the region has started to support the nation’s development as China’s SAR.

The Guangdong-Hong Kong-Macao Greater Bay Area (GBA): the GBA development plan was enacted in February 2019. Similarly, the GBA has become one of the most important national projects in the region of the Pearl River Delta.

The Forum Macao: it is a Chinese diplomatic tool set up in the region and it aims at creating a platform between China and the PSCs for trade and business cooperation.

Dependent Variables (Y): in this thesis, the dependent variables would include the most important four elements of the Macao SAR's external affairs, namely the Legal, Political, Economic and Cultural elements.

3.6 Research Methodology

This PhD thesis has applied case studies and in-depth interview research methods to analyze and evaluate how the Macao SAR participates in its external affairs. For case studies, related cases have been provided and discussed throughout Chapters 5,6,7,8 respectively. For an in-depth interview, I have conducted six paramount in-person interviews with officials, academics and journalists in region and in Portugal, with whom possess rich experience and knowledge in the area of the Macao SAR external affairs. Moreover, for case studies, this thesis has also applied secondary materials such as journal articles from other scholars, governmental documents and media reports and so forth. In addition, this thesis has also involved some level of quantitative data to support the qualitative research methods, rather than relying solely on qualitative research method. As for balanced and scientific research, it would be wise

to apply both research methods rather than focusing one of them. For instance, both quantitative and qualitative methods are “indispensable in addressing questions of basic and applied research”.⁸⁹

3.6.1 Case Studies

For case studies⁹⁰, this thesis has primarily applied qualitative-based research methods. The data collection was based on the current literature, official governmental documents, news websites and some other secondary resources. After this, it was then applied to content analysis to critically examine the issue. Both for China’s diplomacy and the regions external affairs, they are operating on multi-dimensional and on multi-level basis. This thesis has selected cases from a number of elements, namely from legal, political, economic and cultural dimensions. These dimensions have been considered as the most important elements for the Macao SAR’s external affairs. More importantly, the selection of the cases were based on one principle, as scholar Yin one said, “[T]he selection process needs to incorporate the specific reasons why you need a particular group of cases”.⁹¹ Following this, cases selected in this thesis are closely related to the Macao SAR’s external affairs in different aspects. Such as, the US’s influence over region, the operation of the Forum Macao, the Macao SAR’s participation in the international organizations and so forth. Moreover, in this thesis, the cases selected are embedded in the elements mentioned above. Through the lenses of analysis, the case studies will be presented and discussed when analyzing the issue

⁸⁹ Even Berman and Xiaohu Wang, *Essential Statistics for Public Managers and Policy Analysts*, Fourth Edition ed. (Los Angeles: SAGE/CQ Press, 2017), 19.

⁹⁰ According to Yin, case study is the “method of choice when the phenomenon under study is not readily distinguishable from its context”. Wang, 4.

⁹¹ *Ibid.*, 10.

through legal, political, economic, cultural perspectives and they have been structured as the following:

Legal Foundation

This chapter will introduce the legal foundation of the Macao SAR to conduct its external affairs as a case study. In addition to this, it will examine the cornerstone of regions external affairs from a legal perspective. In this regard, it refers to the *Macao Basic Law* and the “One Country, Two Systems” principle. Law can be seen as a cornerstone to a society, region and state. A series of proper and well-established laws and rules would set domestic issues in order and make its external businesses more presentable. For the Macao SAR, its legal foundation came from the “One Country, Two Systems” principle and the *Macao Basic Law*. The two acted as the most fundamental legal source of Macao’s legal operation as well as the principle for external affairs in other areas. In this chapter, it has introduced several cases of the Macao SAR government’s participation in a significant amount of international treaties and international organizations and their respective memberships. Furthermore, legal access at the international level for the region has been empowered by the *Macao Basic Law*, and the “One Country, Two Systems” Principle, which represents a legal basis for the Macao SAR to conduct its external affairs.

Political Affairs

In the area of the Macao SAR political external affairs, the chapter has applied two major components that are closely related to the regions political external affairs. One

is the Macao SARs relations with Taiwan, which is the regions external political affairs, but, China's domestic affairs, since Taiwan is a part of China. One significant role that the Macao SAR is playing in the cross-strait relations is that the region is operating under the "One Country, Two Systems" principle. Of which can be seen as a feasible political model for Taiwan's return to the motherland in the future.⁹² Another case is the US's influence in the Macao SAR, which is based on two major activities of the US in the region. In this regard, the first one is American investments in casino operations in the Macao SAR. However, these investments may be comprised due to the Sino-US trade war. It is evident that this will be a 'bargaining chip' for the Chinese government, given the fact that these casinos are making a big fortune and their gaming concessions are soon to expire. In addition to this, with the concessions up for renewal in 2022; the owners of the major U.S. invested casinos have close relations with the Trump administration. Moreover, these close connections to Adelson and Wynn, draws attention from Beijing that these U.S. moguls in the Macao SAR might be conspiring with the U.S. government. Another case that one can reflect on, is that the Banco Delta Asia (BDA) in the Macao SAR was found to be money laundering over a decade ago. This case was selected because it was the first time that the central government in Beijing and the United States jointly paid attention to the Macao SAR. As for the Banco Delta Asia, it was accused by the United States government of money laundering to North Korea. This case study helps one to understand how the region ended up getting involved in political issues. It gives an insight into how the Macao SAR has played its part as a subnational government in China.

⁹² See Carmen Amado Mendes, "The Implications of the Special Administrative Regions for the International System: Macao as a Successful Case Study," in *Macao - the Formation of a Global City*, ed. C. X. George Wei (New York: Routledge: 2014), 218.

Economic Affairs

For economic affairs, this chapter has selected three main cases that are primarily involved with the Macao SARs external economic affairs. For instance, one has the Forum Macao, the Belt and Road Initiative (BRI) and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development plan.⁹³ These cases have been applied to analyze the Macao's SAR external economic affairs under the political mandates and authorization of the central government. One finds that the regions external economic affairs in this particular sector, have been more 'comprehensively' developed compared to other sectors discussed in this thesis. In terms of the Forum Macao, it has been developing over the last decade as a key part of China's foreign policy instrument. Also, it has attracted increasing levels of trade and investment to the region from China, the PSCs' business communities and governments. In this sense, the Macao SAR is gradually becoming a reception for both sides, playing its unique role.

Cultural Affairs

⁹³ The GBA has been a special case, GBA development is a China's domestic initiative, however, it is the Macao SAR's external affairs based on the nature of "One Country, Two Systems" principle. Unlike other 9 cities in Guangdong province, both of the Macao SAR and its counterpart – the Hong Kong SAR would need to find ways for cooperation through different political systems in the GBA. Therefore, on the one hand, the GBA development plan is China's domestic economic initiative, on the other hand, it is Macao's external affairs since it involves cooperation with places outside of the Macao SAR's territory, where different legal and political, as well as customs rules co-exist.

For the Macao SAR's cultural external affairs, this chapter has selected two major cases and one policy recommendation. One of the two cases one will highlight, is that the Macao SAR has been listed as a UNESCO cultural heritage site and a world city of gastronomy, which promotes Macao's cultural influence in the world as well as its reputation. The other case is the Macao SARs pair of sister cities across the globe. Since Macao's return to the motherland in 1999, the Macao SAR has signed a dozen agreements with sisterhood cities and regions in the world. However, in this chapter, one argues that compared to other sectors' of the Macao SARs external affairs, the region is not doing enough work based on its cultural elements. The Macao SARs tremendous cultural assets have not been properly used and in-person interview materials have been provided to support this argument. The policy recommendation was provided for strengthening the cooperation between the newly established Confucius Institute in the Macao SAR and its cooperation with the Confucius Institutes in the PSCs. In this sense, it could further strengthen the role of the Macao SAR as a platform for building closer ties between China and the PSCs through cultural means.

3.6.2 In-person Interviews

This thesis has adopted in-person interviews, specifically elite interviews. In a process of elite interviewing, elite is different from other types of interviewees. Lewis Dexter defines an elite as anyone ““who in terms of the current purposes of the interviewer is given special, non-standardized treatment.””⁹⁴ An elite interview, also refers to “[T]he use of interviews to study those at the 'top' of any stratification system, be it in sport,

⁹⁴ Janet Buttolph Johnson, Richard A Joslyn, and H.T. Reynolds, *Political Science Research Methods (4th)* (Washington, D.C. : CQ Press, 2001), 272.

academia, social status, religion, beauty or whatever.”⁹⁵ In terms of the respondents to the elite interviews, they could be “someone of high social, economic, or political standing; the term indicates a person who is chosen by name or position for a particular reason, rather than randomly or anonymously.”⁹⁶ Therefore, an elite interview does not exclusively focus on politicians or high ranking government officials, it also can refer to people who are experts in a certain field. In addition to this, to differentiate one’s work from other in-person interviews, the interviewees selected for elite interviews are usually picked for a very specific reason. In this thesis, the interviewees selected from various professions all have rich experience and expertise in the subject of the Macao SARs external affairs.

Moreover, the reason for selecting elite interviews over other forms of interviewing methods, such as group interviewing, telephone interviewing, panel interviewing. Furthermore, this decision was made because elite interviewees normally hold important positions for prestige professions with rich experiences and expertise on the subject matter. This ultimately means, they would have plenty of insightful knowledge to share and contribute to the research. For example, elite interviewees may have a deeper understanding of the region’s history and the political agenda of the Macao SAR over the last two decades. In addition to this, it would be beneficial to study the history and the progress of the Macao SARs participation in external affairs. Such methods are optimal in order to collect data on individuals or experts’ personal

⁹⁵ Victor Jupp, *The Sage Dictionary of Social Research Methods* (London, UK: SAGE Publications Ltd, 2006), 85.

⁹⁶ Jennifer Hochschild, "Conducting Intensive Interviews and Elite Interviews," in *Workshop on Interdisciplinary Standards for Systematic Qualitative Research [Internet]* (Internet based: Harvard University, 2009).

experiences, and their professional perspectives.⁹⁷ Similarly, another reason for doing this, is that an individual face-to-face interview can be beneficial, compared to other non-face-to-face interviewing, such as telephone interviewing or group interviewing. With this methodology, a researcher could listen, observe those non-verbal behaviors, and think about the upcoming questions at the same time.⁹⁸ Also, face-to-face interviewing helps build a rapport between the researcher and interviewee, creating a better flow of information.⁹⁹ In this thesis, when conducting in-person interviews, a few times occurred that the interviewees showed the expression of not willing go in too much detail on a particular question, so I quickly opted for the other remaining questions on the interview question list, avoided making the respondent uncomfortable or being not candid in the remaining interviewing process.

Ethical Principle for Elite Interview

Ethics are always an important issue for researchers when conducting “face-to-face” interviews. For instance, breaching ethical principle may bring harm to interviewees’ public image and damage the researcher’s academic reputation, in turn making the chance to conduct interviews in future impossible. Informed consent is also a very important component for a “face-to-face” interview. Usually it should be verbally agreed at the beginning of the interview, that it will be recorded using audio or video as a recording technique. In the beginning of the interview, I have always asked two questions to the respondent. The first question was, “Do you mind if I use my recorder

⁹⁷ Natasha Mack et al., *Qualitative Reserach Methods: A Data Collector's Field Guide* (Research Triangle Park, NC: Family Health International 2011), 2.

⁹⁸ Johnson, Joslyn, and Reynolds.

⁹⁹ *Ibid.*, 275.

to record this interview for helping me to review my notes after the interview?”, based on my in-person interview, all of the interviewees have given me permission. Then I would turn on my recorder on and place it on the table and near to the interviewee. From there, I have asked the first question for one more time, as for this time it was recorded. When the recorder was on, after the interviewee permitted the usage of recorder during the interview, I then asked the second question, “do you mind if I mention your name when citing the contents of today’s interview?”, all interviewees have verbally permitted me using the recorder and citing their names based on the interview contents presented in this thesis.

Selection of Interviewees

This plays a major part in this interviewing process. In my thesis, for in-person interviews, it was not ‘difficult’ to get in contact with government officials, normally they would reply to one’s interview request. However, they were reluctant to be interviewed for a number of reasons. They tended to have concerns based on their job and the sensitive nature of the topic. Therefore, the officials one was able to contact with had concerns that they would be “demoted for saying the wrong words”, and in most of the cases, taking-in an interview was not in their best interest.¹⁰⁰ Therefore, interview requests with government officials were declined in a ‘systematic’ fashion.

¹⁰⁰ Based on interview with Mr. Harald Bruning who shared his view that nowadays why government elites normally would not take in interviews. He also shared his own experience for interviewing the former Portuguese president back in early 2000s, as he described back then the security was very loose, and there was nobody would do a ‘bad’ thing, until the terrorist attack to the Twin Towers or the incident of 911, after that gaining access to interviewing elite was much more difficult for security reasons, he added.

After reaching this obstacle,¹⁰¹ one opted to do interviews with academics, former governmental officials and senior journalists instead.¹⁰² Though, had some positive elements to it, they have longer and richer experiences in explaining and observing the issues. Similarly, most of them have been following the related issues probably longer than most of the current related government officials. This in part, due to government positions changing routinely after every a few years; and more importantly, academics, former government officials, and senior journalists are more willing to share. Moreover, following the definition of elite interview discussed earlier, they are also considered to be components for elite interviews. This is important to clarify, as they were interviewed based on their expert knowledge in this field, rather than randomly selected interviews. After meeting with the six key interviewees, this thesis found that the interview participants were very useful. The former government officials, academics and one senior journalist offered their insight, to enable this thesis to flourish.¹⁰³

Methodology of Keeping Record of Interview

¹⁰¹ Several interview requests have been made to the Macao SAR government offices in Europe, as well as to Macao local government offices. Like mentioned above, all of the offices have replied, but they either gave many reasons of how the interview would be ‘inconvenient’, or replied some information or news of that describes the particular office’s role in external affairs that anyone can find on the internet, as a ‘way of their help’.

¹⁰² After each interview, recommendation was requested to interviewees for further and deeper interviews, based on the interviewee’s personal connection, however, the requests were all ‘somehow declined’, interviewees either said ‘not knowing others’ or ‘not convenient’, especially when referring to government officials.

¹⁰³ Please see Appendix III.

For keeping a record of the in-person interview, there are many ways to do this and the most common method is using a tape recording and handwritten notes. In this thesis, I have applied both methods; however, greater focus was given to the voice recording. The tape recording has been enabling me to keep a record of everything being said by the respondent and myself during an interview. Taking notes has helped me to keep track of the process of the interview and put down some key words that the respondent has mentioned or emphasized. Furthermore, this helped me to quickly formulate follow-up questions when needed or draw inspiration based on what the respondent has said. Each interview on average lasted about one hour, and it took me about three hours to transcribe the audio into text.¹⁰⁴ The handwritten notes were incredibly useful when it came to recalling the process and structure of the interview.

Gathering information for the Interview

Based on the fact that an in-person interview is a “face-to-face” interview, a researcher must listen and pay attention to non-verbal behavior. In addition to this, a researcher also needs to think and takeing notes all the time, as well maintaining appropriate interpersonal relations with the respondent. A good relationship between interviewer and interviewee may facilitate the flow of important information. In this regard, I rarely interrupt when the respondent was sharing his or her opinions or ideas. When the respondent was giving an argument or conclusion at one point, I always followed up with asking the respondent “why” or “how” and in using this method, the respondent tended to share more information. In terms of checking the validity and

¹⁰⁴ Please see Appendix III.

meaningfulness of the respondents' answers, one has applied the cross-referencing method. Moreover, by interviewing multiple respondents and comparing the responses among the respondents, I was able to check for any inconsistencies. Throughout this thesis, it can be seen that on a certain issue or question, multiple respondents have shared their thoughts.

Wording of Questions

During the interviews, interview questions were prepared beforehand and were presented in a hard copy format, one copy for the interviewer and another for the interviewee. In terms of working on appropriate questions, it is very important issue to take into consideration for in-person interviews. This is because, these types of interviews as a process collect respondents', values, attitudes and beliefs on particular events or area of expertise, therefore, the questions for this interview have been carefully chosen.¹⁰⁵ Also, three major principles guided my interviews; one was to focus on the respondent's area of expertise. For example, if the interviewee was of Portuguese origin, then questions would tend to focus on China-PSCs relations, the history of Portuguese Macao, the Forum Macao and so forth. So, in turn, fewer questions were based on Sino-US relations and the Macao SARs role in the cross-strait relations. On the other hand, if the respondent was a Chinese legal expert, then the questions would be focusing on the "One Country, Two Systems" principle, the *Macao Basic Law*, the role of the Macao SAR in the Sino-US trade war. The second principle implemented, was to avoid 'double-barrel' questions in one sentence.¹⁰⁶ This is

¹⁰⁵ Please see Appendix III.

¹⁰⁶ Johnson, Joslyn, and Reynolds, 276.

avoiding two questions in one statement, or any ambiguous or leading questions, which could result in inaccurate or unreliable responses. Furthermore, the third principle was to prepare questions that would draw insightful answers, rather than simple questions, where the answers could already be drawn from the literature available. In addition to this, in some circumstances, interviewees were asked to verify the accuracy of the information obtained from other sources. For example, if the participants once shared opinions over an issue, I have asked them to elaborate on it, such as “what do you mean by...”, “could you give some examples of...” Based on these three principles, the data collected through in-person interviews has been very valuable and educational to this thesis.

Chapter 4 An Overview of Macao's External Affairs

4.1 Introduction

In order to better understand the Macao's external affairs, it is necessary to understand its local history before its return to the Chinese administration in 1999. As the history of Macao to a large extent has shaped today Macao's specialties in its external affairs, namely its ties with the PSCs. Macao has become a special place in China, given the fact of its special postmodern history with the Portuguese presence in Macao and the former's influence over different sectors of the local society, ranging from the local cultural and language, to local political and economic sectors, as well as Macao's connections with other countries and regions abroad. China and Portugal have had a long historical link, with Macao playing a key role in this union. Sino-Portugal relations date back to as early as 1514 during the Ming dynasty of China, when East Asia caught the attention of the Portuguese who thought it would be very profitable for setting up a series of trading posts in the region, which included Macao. After they discovered Malacca of Malaysia, Goa of India, and Macao of China, they decided to set up a trading post in Macao, for the purpose of developing trade relations with China. This chapter attempts to provide a comprehensive drawing of the process of the Portuguese's settlement in Macao, up until their last days in Macao before 1999, in order to understand how this special historical background has and continues to impact on Macao. Therefore, this chapter will give an overview of the Portuguese settlement in Macao since the Ming dynasty, through the Portuguese total control of Macao in the 1850s and up until the return of Macao to the Chinese administration in 1999. It will also discuss several important issues such as the dispute of the sovereignty of Macao during the Portuguese colonial period between the Chinese and Portuguese

governments, as well as the relations between Macao and Portugal after the Carnation Revolution took place in Portugal in 1974.

4.2 Three Phases of Colonial Periods of Macao

In general, the history of Portuguese Macao can be categorized into three main phases.¹⁰⁷ The first period would be from 1557, when the Portuguese established trading posts in Macao, up to 1887, when the Portuguese stopped paying the annual rent to the local authorities, abolished the local Chinese customs and declared Macao's "independence". The Treaty of Friendship inked between China and Portugal marked the confirmation of the Portuguese permanent settlement in Macao. The second period is from 1887 when Portugal's permanent settlement in Macao began, until 1974, with the Carnation Revolution which took place in domestic Portugal, when the Salazar dictatorship government was overthrown. This eventually marked the start of Portugal's decentralization process, as shortly after the revolution, the new Portuguese government started to abandon the Portuguese overseas colonies step by step. From 1974 to 1999 would be the third period, after a few decades of negotiations and official talks over the Sino-Portugal Joint Declaration, with a focus on the small Chinese

¹⁰⁷ Macao Studies scholar Zhiliang Wu provided a more detailed time period of the same regard based on some historical events. According to Wu, the six periods of the Portuguese's settlement in Macao are the following: the early contacts between China and Portugal from 1514 to 1583; the Senate period from 1583 to 1783; the decline of the Senate from 1783 to 1849; the colonial period from 1849 to 1976; the district autonomy period from 1976 to 1988; the transition period from 1988 to 1999. Wu's categorization provides a useful tool to examine the transitional period after the Carnation Revolution in 1976. However, in order to make the explanation of the colonial period more understandable to the reader, this thesis applies to the three-phase categorization introduced in the context. See in Zhidong Hao, *Macao History and Society* (Hong Kong: Hong Kong University Press, 2011), 31-32.

enclave, Macao was eventually returned to China's administration in a peaceful and smooth manner.

4.2.1 A Brief History of Macao Before 1887

Macao is China's land located on the northern end of the South China Sea, next to Guangdong (Canton) Province, and neighboring with Hong Kong, another land of China. Macao has been Chinese territory for millennia, initially known as a 'fishing village', having only caught the attention of major foreign settlements in the 16th century beginning with the Portuguese trading business.¹⁰⁸ If we look far back into the Chinese history, as early as the time of Qing dynasty, Macao had been recorded with residents' activities from 221 to 206 BC. At the time, the region was under the jurisdiction of Panyu County, Guangdong Province.¹⁰⁹ By the time of the Song dynasty, the first recorded massive migration to Macao took place. Around 50,000 people moved to Macao and sought refuge from the Mongols invasion from the North part of China. In Macao, the new immigrants were able to defend their settlements.¹¹⁰ Then, during the Ming dynasty, fishermen migrated to Macao from Guangdong and Fujian provinces. After that there was no major settlement from outside to Macao during the Ming dynasty. At this point, the A-Ma Temple (Ma Zu Miao) was built by the fishermen who were originally from Fujian province as a blessing to keep them safe when at sea¹¹¹ The A-Ma Temple later became a cultural and religious link

¹⁰⁸ Howard Scott, "Macao and the Europeans."

¹⁰⁹ "Portuguese Macau, from 1557 to 1999," Portuguese World Heritage, <http://www.worldheritageofportugueseorigin.com/2015/06/21/portuguese-macau-from-1557-to-1999/>.

¹¹⁰ Ibid.

¹¹¹ "History Timeline of Macau," Secret Macau, <http://www.secretmacau.com/history-timeline-macau/>.

between Macao, Fujian and Taiwan regions, based on their common culture and religious practices.

The wheel of history changed Macao completely since the Portuguese attempted to settle in Macao in the beginning of the 16th century. The Portuguese sailors established posts by force at Goa of India in 1510, and in 1511, they conquered Malacca of Malaysia.¹¹² The Portuguese's march to East Asia took place under two major historical backgrounds: one was during the colonial periods when the major European colonial powers were battling over their colonies and expanding their overseas territories; another was due to the location of Portugal at that time it was isolated, as Spain, its neighbor in the East, was in a in state of flux. The Portuguese had no choice but to find a route for development via the sea. As a scholar has stated that, like the Spanish, the Portuguese had their difficult times, and were in desperate need to find new trade routes to other continents rather than marching towards the eastern and central Europe. As for the reason as to why the Portuguese power was in an urgent need in finding a route to trade with Asia, scholar Howard Scott writes¹¹³:

The Portuguese, like the Spanish, had been forced to seek an Atlantic sea route to the Spice Islands as the land routes through the Ottoman were tightly controlled in the Eastern Mediterranean by the traders of Venice and Genoa and monopolized by the Moors in the Indian Ocean. Very few trade goods from Asia reached the Iberian Peninsula and there was no opportunity for the Portuguese or the Spanish to share in the trade profits.

¹¹² "Portuguese Macau, from 1557 to 1999".

¹¹³ Ibid .

Therefore, the Portuguese were desperate to find trading posts in the East Asia. After the fall of Goa and Malacca, Portugal started to look to Macao, which they viewed as the gateway into the Chinese Market. However, the settlement of the Portuguese in Macao was not a smooth process. In 1516, Rafael Perestrello, a cousin of Christopher Columbus sailed to China hoping to open up trade relations. Perestrello himself later traded goods with Chinese merchants in Canton in the same year, but the trade was limited and was prohibited from expanding further into China by the Chinese authorizes.¹¹⁴ In 1517, Portuguese King Manuel I commissioned a diplomatic mission to Canton headed by Tomé Pires and Fernão Pires de Andrade.¹¹⁵ The commissioners attempted to establish an embassy on the Chinese soil, but this was rejected by the Chinese Ming Court, mainly due to the fact that, the Ming local government had less interest in making foreign contacts.¹¹⁶ Also, as the Portuguese had gained a bad reputation by using force to settle things in their dealings with Goa in India, the Chinese Ming dynasty refused them entry, residency or trading rights in the beginning. In other words it was clear from history, that the Portuguese established their trade stations by force.¹¹⁷

However, for pragmatic reasons, the Ming dynasty eventually lifted the trade ban on the Portuguese in 1553,¹¹⁸ when they allowed Portuguese traders to anchor their ships in Macao's harbors, and the local authorities granted them the right to carry out trading

¹¹⁴ "History Timeline of Macau".

¹¹⁵ Ming K Chan and Lo Shiu-Hing, *The a to Z of the Hong Kong Sar and the Macao Sar* (Lanham: The Scarecrow Press, 2010), 263.

¹¹⁶ Scott.

¹¹⁷ Ibid.

¹¹⁸ Chan and Shiu-Hing, 263.

activities, though the Portuguese still did not obtain the right to stay onshore.¹¹⁹ However by 1557, the Portuguese had obtained the leasehold of Macao by paying rent to local Chinese officials.¹²⁰ Therefore, since 1557, Macao began to act as an overseas trading post in the eyes of Portuguese,¹²¹ although the Ming court did not recognize Portuguese sovereignty over Macao. Despite there being a Portuguese municipal government established in Macao, the question of sovereignty over Macao remained unresolved.¹²² Since then, Macao became Portuguese's port as a trading post for China-Japan trade, as well as a staging port on the long voyage from Lisbon to Nagasaki.¹²³ By 1582, a land lease was signed between the Xiangshan County of Ming dynasty and the Portuguese, at the cost of an annual rent of 500 taels (around 20 kilograms of silver) to the Xiangshan county.¹²⁴ By 1586, Macao island became a "self-governing city",¹²⁵ but the islands of Taipa and Coloane were not incorporated into the Portuguese possession until after the First Opium War in the early 19th century, when the Portuguese took advantage of China after the latter's defeat in the Opium War.

During those years, Macao gradually became an important trade station for gold, silver, silk and porcelain between Goa of India, China and Japan.¹²⁶ At some point in history

¹¹⁹ "History Timeline of Macau".

¹²⁰ Ibid .

¹²¹ Eric C Ip, "Comparative Subnational Foreign Relations Law in the Chinese Special Administrative Regions," *International & Comparative Law Quarterly* 65, no. 4 (2016).

¹²² "Macau History," World Rover, http://www.worldrover.com/history/macau_history.html.

¹²³ Ibid.

¹²⁴ Chan and Shiu-Hing.

¹²⁵ Ibid.

¹²⁶ Scott.

the Ming Court had banned trade between China and Japan which meant that goods which could not be transported directly from mainland Chinese ports to Japan could now be operated via Macao. Therefore, the Portuguese's trading post in Macao soon became the natural 'middleman' to facilitate this type of trade and made a considerable fortune. Over time, as the Chinese "turned a blind eye to Portuguese settlement", Macao became increasingly independent, and quickly turned into a trading spot between China, Japan, India and Europe.¹²⁷

When it comes to the ruling of Qing dynasty, Macao possessed some unique advantages compared to other trade ports of China, as at this time the Europeans were only allowed to enter China's market through the ports of Macao. This continued until the Opium War in the 1840s.¹²⁸ During the Qing dynasty, for the Portuguese people, Macao functioned as a trading center in East Asia, shipping gold, silk and spices back to Europe from Asia. During this time, there were three main trade routes for Portugal via Macao: Macao-Malacca-Goa-Lisbon, Guangzhou-Macao-Nagasaki and Macao-Manila-Mexico.¹²⁹ However, with the economic prosperity of Macao trading post, the Portuguese government wanted more, and so Portugal declared the right of sovereignty over Macao in 1783.¹³⁰ The Portuguese Constitution in 1822 marked Macao as an integral part of Portugal's territory.¹³¹ Unfortunately, Macao's trade comparative

¹²⁷ Ibid.

¹²⁸ Ride, L, "The Voices of Macao Stones", Hong Kong: Hong Kong University Press, 1999, p 63. In *ibid*.

¹²⁹ "History Timeline of Macau".

¹³⁰ Carmen Amado Mendes, *Portugal, China and the Macau Negotiations, 1986 - 1999*, Royal Asiatic Society Hong Kong Studies Series (Hong Kong Hong Kong University Press, 2013), 7.

¹³¹ Cardinal Paulo, "The Judicial Guarantees of Fundamental Rights in the Macau Legal System," in *One Country, Two Systems, Three Legal Orders - Perspectives of*

advantage gradually faded when the British took Hong Kong in 1842 after they inked the Treaty of Nanking with China.¹³² Later the British developed a bigger harbor with deeper waters in Hong Kong, which came to be known as the Victoria Harbor.¹³³ Moreover, somehow, the rise of the Victoria Harbor triggered the Macao Portuguese governor's decision to open casinos within Macao, since Macao's public revenue had largely decreased from its trading business due to the fact that the sector was heavily marginalized by its counterpart, the wider and deeper Victoria Harbor of Hong Kong.¹³⁴

Shortly after Qing dynasty's defeat in the Opium War, in 1844, a few years after Qing dynasty's defeat in the Opium War, Macao was regarded as the Portuguese overseas province by the colonial Portuguese government, and yet the Qing dynasty refused to recognize such status on the basis of its unilateral declaration by the Portuguese.¹³⁵ The following year Portugal's Queen Maria II declared Macao as a free port and appointed Ferreira do Amaral as Macao's governor.¹³⁶ During 1846 and 1847, Amaral applied expansionist policies and imposed taxes on Macao's local Chinese. Then, in 1849, Amaral expelled Chinese officials and destroyed the local Chinese Customs office, which caused massive local dissidents.¹³⁷ As a consequence of this, and as revenge, Amaral was assassinated in the same year, by seven mainland Chinese¹³⁸.

Evolution: Essays on Macau's Autonomy after the Resumption of Sovereignty by China (Berlin: Springer, 2009), 229.

¹³² Chan and Shiu-Hing, 265.

¹³³ Scott.

¹³⁴ Based on in-person interview with Harald Brüning in June, 2019 in Macao.

¹³⁵ Scott.

¹³⁶ Chan and Shiu-Hing.

¹³⁷ Scott.

¹³⁸ Chan and Shiu-Hing.

Macao and Timor became the Portuguese overseas provinces under Goa's control in 1883.¹³⁹ The Portuguese continued to pay the annual rent until 1887, when China and Portugal inked the Treaty of Friendship and Trade which confirmed the Portuguese permanent settlement in Macao, without actual border demarcation.¹⁴⁰

4.2.2 Portuguese Macao Between 1887 to 1974

After Qing dynasty's defeat in the Opium Wars in the 19th century, Portugal took advantage from the Qing dynasty, forcing it to sign the Treaty of Friendship and Trade in 1887, which was largely a trade agreement and defined Macao's political and juridical statute, without actually directly touching on the issue of Portuguese sovereignty over Macao.¹⁴¹ The Chinese emperor was eventually forced to cede the territory in 1887 after the Treaty of Peking was inked.¹⁴² The aforementioned treaty includes the status of Macao, as it was stated in Article II and III:

II. China confirms, in its entirety, the second Article of the Protocol of Lisbon, relating to the perpetual occupation and government of Macao by Portugal.

III. Portugal confirms, in its entirety, the third Article of the Protocol of Lisbon, relating to the engagement never to alienate Macao without previous agreement with China.

The two articles above also caused disputes and ambiguity in interpretations of whether it re-defines the sovereignty of Macao or not. According to the Portuguese interpretation, the sovereignty of Macao was surrendered to Portugal upon the Treaty

¹³⁹ Ibid.

¹⁴⁰ Ibid.

¹⁴¹ Mendes, *Portugal, China and the Macau Negotiations, 1986 - 1999*, 11-12.

¹⁴² James Conachy, "Portuguese Colonial Rule over Macau Ends after 442 Years," World Socialist Web Site, <https://www.wsws.org/en/articles/1999/12/mac-d22.html>

being signed.¹⁴³ However, according to the Chinese interpretation, only “administrative rights” were granted to the Portuguese government.¹⁴⁴ The Treaty of Commerce and Friendship 1888, which recognized the Portuguese sovereignty over Macao was never ratified by China. China’s refusal to ratify those treaties make the Portuguese Macao’s sovereignty unclear, as the Chinese government believed those treaties were “unequal treaties”.¹⁴⁵

Nevertheless, after the Portuguese colonial power took total control of Macao, beyond maintaining a military garrison, Portugal then expressed little interest in its possession in East Asia throughout the 20th century.¹⁴⁶ During the early 1900s, Macao’s population rose quickly, as most of the immigrants were refugees who had fled from the mainland for various reasons. The city of Macao’s inhabitants reached 80,000 although only 4000 of them were Portuguese.¹⁴⁷ The newcomers or the new immigrants established small cottage industries such as matches, fireworks, and gaming which was first established in 1847 but later became the economic mainstream of the city.¹⁴⁸ As Portugal maintained a neutral status during the World War II, Japan did not invade Macao, therefore during the war period the colony remained relatively prosperous being the only neutral port on the South China coast after the Japanese invaders occupied Guangzhou and Hong Kong.¹⁴⁹

¹⁴³ Lindsay Ride, May Ride, and Jason Wordie, *The Voices of Macao Stones* (Hong Kong, China: Hong Kong University Press, 1999).

¹⁴⁴ *Ibid.*, 55-56.

¹⁴⁵ Tai-Heng Cheng, *State Succession and Commercial Obligations* (Ardsley, NY: Transnational Publishers, 2006), 223.

¹⁴⁶ Conachy.

¹⁴⁷ "Brief Chronology of Major Events in Macau History," Holy Spirit Study Centre, <http://hsstudyc.org.hk/>.

¹⁴⁸ Scott.

¹⁴⁹ *Ibid.*

After the establishment of the People's Republic of China (PRC) in 1949, the Chinese government declared the Treaty of Peking to be void as it was an "unequal treaty", imposed by foreigners on China. China's stance was over the question of Macao as a "left over issue from history", and China insisted it would stand up for its settlement via "peaceful negotiations when conditions are ripe and for the maintenance of the status quo there pending its resolution".¹⁵⁰ Yet, Beijing was not ready to settle the treaty question, and believed more time would be needed in order to find a more appropriate solution, therefore, the Chinese government sought to maintain the 'status quo' of Macao for the time being.¹⁵¹

In the early years of the establishment of the People's Republic of China, Portugal used Macao to oppose the new Chinese regime. In 1951, Macao joined the United Nations' embargo against the mainland China.¹⁵² Then in 1952, the Portuguese troops in Macao provoked the Chinese troops at the Barrier Gate. China reacted with "a blockage, banning food exports to Macao". As a result Portuguese soon backed down.¹⁵³ In 1966, the "12.3 incident" occurred, as the local colonial government attempted to ban the construction of a primary school in Taipa,. This caused a series of conflicts which took place between the local Chinese residents, the Portuguese Macao police and the Portuguese garrison.¹⁵⁴ The incident also marked the transfer of

¹⁵⁰ "Resumption by China of the Exercise of Sovereignty over Macao," ed. Ministry of Foreign Affairs of the People's Republic of China.

¹⁵¹ Jim Mann, "Portugal Agrees to Return Macao to China in 1999," *Los Angeles Times*, March 24 1987.

¹⁵² Chan and Shiu-Hing.

¹⁵³ Ibid.

¹⁵⁴ Ibid.

influence from the KMT to the CCP in Macao which will be discussed in detail in Chapter 6. In 1971, the People's Republic of China replaced the Republic of China as the only legitimate member in the United Nations. Following this, in 1972, the People's Republic of China asserted Chinese sovereignty over Macao at the United Nations.¹⁵⁵

4.2.3 Power Transition Period between 1974 and 1999

When the Salazar dictatorship was overthrown after the Carnation Revolution in Portugal in 1974, the new Portugal Republic government, for the first time requested China to resume its sovereignty over Macao. In the same year, Portugal's permanent representative to the UN started talks with China's UN envoy over establishing diplomatic relations with China and on Macao's future issue.¹⁵⁶

In the interim, the new Portuguese government unilaterally granted independence to all of the Portuguese overseas colonies, where Portugal recognized Macao as a part of China's territory.¹⁵⁷ However, at first China was worried about how a capitalist society would be able to merge into the Chinese socialist political system, so the Chinese leadership asked to be given more time in order to find an appropriate solution.¹⁵⁸ In other words, Portugal Republic offered to withdraw from Macao in late 1974, but China declined in order to preserve the country's international and local confidence in Hong Kong, which was still under the British rule.¹⁵⁹ It was allegedly

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

¹⁵⁷ Scott.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

suspected that the Chinese government was afraid that without proper management, the return of Macao might “affect international confidence in Hong Kong’s future”.¹⁶⁰ Compared with Hong Kong, Macao was a far less internationalized place, the Macao society had less diversified industries and the whole society was mostly reliant on the gaming industry. Moreover, the colonial Portuguese government did not put much diplomatic strategy over Macao in the past years.¹⁶¹ However, Portugal’s policy to Macao changed significantly after the Carnation Revolution of 1974. Later in early 1975, Portugal recognized the People’s Republic of China as the sole government of China.¹⁶² Shortly afterward, the Constitution of the Portugal Republic “omitted” Macao in 1976, “implicitly recognizing it as Chinese territory temporarily under Portuguese administration”.¹⁶³ The People’s Republic of China and the Portuguese Republic began their diplomatic relations on 2nd February 1979, and established the comprehensive strategic partnership in 2005. 2019 marks the 40th anniversary of the diplomatic relations between the People’s Republic of China and Portugal.

With the People’s Republic of China and Portugal having now established diplomatic ties, both countries reached consensus on the principle that Macao was Chinese territory, and therefore should be returned to China. However, in terms of a ‘proper return’, the time and details required be carefully negotiated by both governments through official talks. In 1982, China’s National People’s Congress adopted a new Constitution, including the Article 31 on the creation of an autonomous Special

¹⁶⁰ Ip.

¹⁶¹ Based on in-person interviews with Prof. Santos Neves and Dr. Sales Marques in 2018 and 2019 in Lisbon and Macao respectively.

¹⁶² Ming K Chan, "Different Roads to Hong: The Retrocession of Hong Kong and Macau to Chinese Sovereignty," *Journal of Contemporary China* 12, no. 36 (2003).

¹⁶³ Ip.

Administrative Region (SAR) under the “One Country, Two Systems” principle for “reunification with Hong Kong, Macao and Taiwan”.¹⁶⁴ When The President Antonio dos Santos Ramalho Eanes of the Republic of Portugal visited China in 1985, the leaders of the two countries had “friendly consultations with each other on how to settle the Macao question and agreed to conduct negotiation on this issue through the diplomatic channels”.¹⁶⁵

The most significant move made by the two governments was in 1986, when the Joint Declaration on the Question of Macao was “initialed”.¹⁶⁶ During the official talk, delegations from both governments held in total four rounds of talks on Macao in nine months and eventually reached consensus on all the documents related to question of Macao.¹⁶⁷ Afterward, on 13th April, 1987, the Prime Minister of each government formally signed the Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao in Beijing,¹⁶⁸ making it clear that the resumption of Chinese sovereignty would resume governing in Macao on 20 December, 1999.¹⁶⁹ On 15th January, 1988, representatives of the two governments exchanged instruments of ratification from the Joint Declaration signed in Beijing, which marked the enactment of the Joint Declaration which then became effective and Macao thus entered into a transitional period.¹⁷⁰

¹⁶⁴ Chan and Shiu-Hing, 269.

¹⁶⁵ "Resumption by China of the Exercise of Sovereignty over Macao."

¹⁶⁶ Ibid.

¹⁶⁷ , 270.

¹⁶⁸ "Resumption by China of the Exercise of Sovereignty over Macao."

¹⁶⁹ Ibid , 270.

¹⁷⁰ "Resumption by China of the Exercise of Sovereignty over Macao."

The Joint Declaration regulated the sovereignty of Macao in order to solve the Macao issue, set the date of Macao's return to Chinese administration as 20th December 1999,¹⁷¹ and established Macao's way of operation after its return to China's administration¹⁷²:

The Joint Declaration consists of the main text and two annexes. The main text has seven articles, which stipulate the following: The Macao area (including the Macao Peninsula, Taipa Island and Coloane Island) is Chinese territory and the Government of the People's Republic of China will resume the exercise of sovereignty over Macao with effect from 20 Dec. 1999. The People's Republic of China will establish a Macao Special Administrative Region of the PRC in accordance with the provisions of Article 31 of the Constitution upon resuming the exercise of sovereignty over Macao. The Macao Special Administrative Region will be directly under the authority of the Central People's Government of the PRC. It will be vested with executive, legislative and independent judicial power, including that of final adjudication, except in foreign and defense affairs which are the responsibilities of the Central People's Government. Both the Government and the legislature of the Macao Special Administrative Region will be composed of local inhabitants. The current social and economic systems in Macao will remain unchanged, so will the life-style. The laws currently in force in Macao will remain basically unchanged. Due regard will be given to the economic interests of Portugal and other countries in Macao. All these basic policies and principles would be provided for in the Basic Law of the Macao Special Administrative Region of the People's Republic of China and will remain unchanged for 50 years.

For the return of Macao, as well as for the success during its transitioning period, the Joint Declaration acts is a very important historical document, as it gives comprehensive and official explanation to principles such as "One Country, Two Systems", "Macao people administering Macao" and a high degree of autonomy on its own. The document has also paved a solid legal foundation for the "smooth resumption

¹⁷¹ "Brief Chronology of Major Events in Macau History".

¹⁷² "Resumption by China of the Exercise of Sovereignty over Macao."

of the exercise of sovereignty by China over Macao and for the continued stability and development in Macao".¹⁷³ By 1999, with the return of Macao to China's administration, it also marked the return of the last European colony in China to her motherland.¹⁷⁴

Scholar of Sino-Portuguese relations, Fernandes, once argued that the "Chinese foreign policy towards Macao up to the 19 December 1999 reversion always aimed at sustaining the *status quo* in this city-state, perched off its southern coast".¹⁷⁵ In other words, the Chinese government was trying to maintain the business, economic, political, trade, and financial benefits that had been already rooted in Macao.¹⁷⁶ As this kind of grand policy was generated in February 1949, about 8 months before the establishment of the People's Republic of China.¹⁷⁷ the diplomatic thinking behind the 'maintaining the status quo' of Macao and Hong Kong was to keep everything in place and to avoid confrontation with the West, especially with the US.¹⁷⁸ Among the Chinese leaderships, top leaders felt "it will be more advantageous to exploit these territories' status quo" of Macao and Hong Kong.¹⁷⁹ As well as, at the same time, to "maximize Chinese political, economic, financial, trade, and intelligence interests in the two Western-administered city-states and abroad".¹⁸⁰ To a large extent, this thesis

¹⁷³ Ibid.

¹⁷⁴ "Portuguese Macau, from 1557 to 1999".

¹⁷⁵ Moises Silva Fernandes, "Macao in Sino-Portuguese Relations, 1949-1955," in *Portuguese Studies Review*, ed. Ivana Elbl (Portuguese Studies Review, 2008), 153.

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ Based on in-person interview with Mr. Harald Brüning in June, 2019 in Macao.

¹⁷⁹ Shi Zhe, "Near Great Historical Personalities: The Memoirs of Shi Zhe", [Zai lishi juren shenbian: Shi Zhe huiyilu], Beijing: Zhongyang Wenxian chubanshe, 1991, p380. In Fernandes.

¹⁸⁰ Ibid.

argues that the Joint Declaration has shaped Macao's model for external affairs upon its return to the Chinese administration. According to Fernandes, there are three primary reasons why the PRC government chose to maintain the status quo of Macao and Hong Kong from their respective former colonial powers after each city's return to the Chinese administration. First, the Chinese government urgently wanted to "consolidate" power within the new government; second, the Chinese government needed to start its economy recovery program as soon as possible, to get some of these 'issues' out of the way; third, to "shatter the Western-led embargo in 'strategic materials' against China",¹⁸¹ used Macao and Hong Kong as ports of trade.

Compared with the negotiations with Britain over Hong Kong which concluded in 1984, the negotiation with Lisbon was rather 'short and smooth'. Portugal gave China "considerable leverage in setting the agenda of the negotiations and Lisbon did not dispute at all China's rule over Macao".¹⁸² Beijing agreed not to pursue a "simultaneous handover" of both colonies, and was willing to "give slightly more time for the colonial power to prepare its withdrawal in ways that would not damage its "national dignity".¹⁸³ As well as allowed more time for interpreting the nationality issues, including that "Lisbon could offer its Macao-based citizens and their descendants consular protection and the right of abode after the handover".¹⁸⁴ According to Chinese officials, this smooth negotiations between Beijing and Lisbon

¹⁸¹ Ibid.

¹⁸² Yu-wai Vic Li, "Two Tales of China's Sport Diplomacy: Post-Handover Hong Kong and Macau Special Administrative Regions Compared," *The International Journal of the History of Sport* 33, no. 11 (2017): 1286.

¹⁸³ Amado Mendes, 38.

¹⁸⁴ Li, 1286.

were made possible based on “mutual respect” and the recognition of China’s sovereign interest from Portugal. Furthermore, Beijing provided reassurance to Portugal that the interests of the native-born Portuguese in Macao (commonly known as the Macanese) would not be compromised in Macao under the Chinese administration.¹⁸⁵

In 1999, Portugal returned Macao back to China. Since then, China started to exercise its sovereignty over Macao and set Macao as one of China’s special administrative regions (SAR), like its counterpart the Hong Kong SAR in 1997. This thesis intends to elaborate on the Macao SAR’s external affairs after 1999 in the following chapters, with different focuses on different perspectives, including legal, political, economic and cultural aspects.

4.3 The Sovereignty Issue of Macao before 1999

Throughout the past four centuries, the sovereignty over Macao has been much debated between the Chinese and Portuguese scholars in academia. This question is important to a large extent, as speaking from the politics of subnational government, it determines during the Portuguese period of Macao whether its external affairs should be categorized either under the para-diplomatic system of China or of Portugal. Also, it was very important to historical text’s writing. Nearly all Chinese scholars believed that Portugal was only ‘leasing’ Macao from China. On the other hand, most Portuguese scholars believed the fact that Macao was under occupation and therefore

¹⁸⁵ Ming K Chan, "Different Roads to Home: The Retrocession of Hong Kong and Macau to Chinese Sovereignty," *Journal of Contemporary China* 12, no. 36 (2003): 500-03.

the Portuguese government was *de facto* of colonization of Macao itself. Some explained that, this inconsistency was based on the issue that there was no clear official document signed by both parties in regard of this matter. After China and Britain signed off the Treaty of Nanking in 1842, and other treaties were being signed between China and other foreign colonial powers during the 1860's, the Portuguese government attempted to conclude an 'alike' treaty in 1862 on the matter of Macao, but the Chinese government at the time refused this.¹⁸⁶ Therefore, leaving a misunderstanding issue over the sovereignty of Macao to the Portuguese side.¹⁸⁷ In 1887, the Portuguese government eventually found a way to secure an agreement from China and Macao was administered as Portuguese soil, which ended 330 years of uncertainty of the land's ownership, unfortunately, for the sovereignty issue, Portugal did not obtain China's acknowledgement.¹⁸⁸

Therefore, the sovereignty over Macao is a complicated issue, especially between Chinese and Portuguese scholars. Some scholars attempted to give an explanation in order to clear out this blurred ownership of Macao's sovereignty. Scholar Zhidong Hao in Sociology provides an argument based on "sharable sovereignty", because some consider sovereignty to be "absolute", which cannot be shared, whilst others believe it can be "relative" and so to be shared jointly.¹⁸⁹ Therefore, he stated¹⁹⁰:

The complexity of the sovereignty question in Macau suggests that the Chinese and Portuguese shared Macau's sovereignty before 1999.

¹⁸⁶ Robert Nield, "Treaty Ports and Other Foreign Stations in China," *Journal of the Royal Asiatic Society* 50 (2010).

¹⁸⁷ *Ibid.*, 127.

¹⁸⁸ *Ibid.*

¹⁸⁹ Hao, 31-32.

¹⁹⁰ *Ibid.*, 224.

[...] In the colonial period of Macau, China had the lesser control in Macau, therefore the lesser sovereignty, and Portugal had more of it. On the other hand, if the Portuguese had sovereignty over Macau, even after the 1887 treaty, it was never absolute either. So sovereignty in fact had been shared between China and Portugal in one way or another, with one party having more at one time than the other.

On the other hand, Portuguese scholars tend to lean towards the argument of ‘actual occupation’ theory, to argue that Macao’s society was exercised and held responsible by the Portuguese government during the colonial period of time. Scholar Paulo Cardinal, who has been working as legal advisor to the Macao government, argues¹⁹¹:

On an international law level of analysis, Macao has been characterized by western scholars as a territory on a lease; a union community with Portugal enshrined in and by the Chief of State; a condominium; a territory under an internationalized regime; a territory under a special situation; an autonomous territory without integration connected to a special international situation; and a dependent community subjected to a dual distribution of sovereignty powers (in other words, China held the sovereignty right but Portugal was responsible for its exercise). Without a doubt, it was an atypical situation. Since the Joint Declaration, Macao was, until 19 December 1999, an internationalized territory by international law standards, despite the absence of such a label in the treaty itself.

Furthermore, the Chinese Government’s official statement from the Ministry of Foreign Affairs (MFA) for the same matter states that: “Macao has been Chinese territory since time immemorial”.¹⁹² Regarding Portuguese people’s occupation, the central government states that, “[I]n 1535, some Portuguese traveled to Macao by sea, anchored at its harbor and stayed there to do business. In 1553, on the excuse of drying water damaged goods, the Portuguese sailors landed on the territory and started to

¹⁹¹ Paulo, 226.

¹⁹² "Resumption by China of the Exercise of Sovereignty over Macao."

settle down in Macao in 1557. After the Opium War in 1840, the Portuguese Government took advantage of the defeat of the Qing Government and invaded and occupied Taipa Island and Coloane Island to the south of Macao”.¹⁹³ Such occupation lasted until 1887, when Portugal forced the Qing dynasty government to sign a “Protocol of Lisbon” between Qing Chia and Portugal, and the “Treaty of Peking” between China and Portugal on Friendship and Commerce. These two treaties allowed Portugal to “permanently stay in and administer Macao and the lands under Macao these lands, the same as it governed other places”, since then Macao was included into Portugal’s territory.¹⁹⁴

Therefore, the sovereignty of Macao during the Portuguese colonial period was a complicated issue, and this thesis does not intend to draw a conclusion over the matter. However, this thesis argues in terms of para-diplomatic status, that Macao was a ‘neutral’ place. Because on the one hand, before 1999, Macao was operated under the control of its former Portuguese colonial power, which was not controlled directly by China, so it was very difficult for China to deploy diplomatic missions to Macao. On the other hand, though Portugal was *de facto* in occupation of Macao, yet, throughout the colonial years, China never recognized Macao’s sovereignty to Portugal, nor that Portugal had placed great interest in Macao’s foreign relations efforts, rather, Macao was used by Portugal as a mere trading post on the South Coast of China. This thesis does not intend to draw a conclusion over the sovereignty of Macao, as it is a complicated issue. On the one hand, the previous dynasties of Ming or Qing, expressed little interest over the tiny Macao, until the establishment of the People’s Republic of

¹⁹³ Ibid.

¹⁹⁴ Ibid.

China emphasized that China's has sovereignty since ancient times. On the other hand, though the Portugal colonial government was *de facto* in occupation of Macao, however, based on related literature and in-person interviews, Portugal has not always put great focus on its overseas territories included Macao. In fact, the Portuguese Macao was doing well financially, and could survive on its own, but the Portuguese Macao had to provide economic aid to other poor Portuguese overseas colonies in Africa from time to time.¹⁹⁵ In a nutshell, though Macao was under occupation for some hundreds of years, Portugal never saw Macao as a strategic point for Portugal but only as a trading post in the region of East Asia. Therefore, the sovereignty of Macao is a complicated issue, and the arguments from the Chinese side seem to have the upper hand.

4.4 Macao's External Relations: From 1974 to 1999

Before the Carnation Revolution in Portugal in 1974, Macao was mainly used by Portugal as a trading post in the South border of China, connecting the Portuguese trading maritime line with countries in the East Asia. However, after the overthrow of Salazar dictatorship, the new government of the Republic of Portugal reacted very differently towards Macao, as well as to all of the Portuguese former overseas colonies. In this regard, Harald Brüning underlines that the relations between Macao and Portugal are depended on the timeline, and the most relevant point is the Carnation Revolution which occurred in Portugal in 1974. After the former Portuguese colonial government was overthrown, the new government of Republic of Portugal had 'drawn

¹⁹⁵ In-person interview with Prof. Fernandes Mozies in Lisbon, Portugal in November, 2018.

a line' with the former Portuguese overseas colonials. In this regard, as Brüning pointed out that¹⁹⁶:

Macao's relations with Portugal after 1974 was very 'weak', because the Portuguese government was not in charge of Macao. It was the Portuguese President who was in charge of Macao, and the governor of Macao was appointed by the President, not by the Prime Minister. However, in Portugal the political power rest with the Prime Minister, not with the President, so it was a kind of 'tenuous' relationship between Portugal and Macao. At that time, Portugal was very busy in negotiating the Joint Declaration in the 1980s with China. In the 1990s Portugal was busy to prepare Macao's transition in 1999. The Portuguese government itself within Portugal was very busy in joining the European Union, then to establish its relationship with the EU. So Macao for them was 'not important'. They (the Portuguese) were just preparing to hand it (Macao) back to the Chinese.

Though the external relations between Macao and Portugal were 'weak', according to former Portuguese Macao government official Dr. José Luís de Sales Marques, who argues that there were two 'priorities' for the Portuguese Macao government in terms of its external relations before 1999¹⁹⁷:

Before 1999, ...Macao had a few priorities, one of them was the relations with the EU. This is why Macao has established in 1992 and 1993, economic cooperation agreement with the EU. Also back at the time, Macao took advantages of the Portuguese membership to the EU at the time 1992 1993, and the idea and logic behind that was very clear, on the one hand, EU was a major trade partner of Macao. Even nowadays, Macao is still at the last stage of industrial economy, as Macao is still exporting a lot to the EU...

¹⁹⁶ In-person interview with Harald Brüning in June, 2019 in Macao. Harald Brüning is the Director of the Macau Post Daily newspaper. Mr. Brüning has been working in Macao in the media sector for more than 20 years, who has extensive and enriched experiences about Macao issue by reporting and observing the local news throughout the decades.

¹⁹⁷ In-person interview with Dr. José Luís de Sales Marques in Macao, in June, 2019.

...[T]he second connection was the Macao's tie with the PSCs (Portuguese-speaking countries), it was already there before 1999, in several forms, at the level of Macao government, there were several initiatives, to create good relations with the PSCs governments. The idea was to create a high level connection with the PSCs, at the level of municipalities, with the cities, with the capital cities of the Portuguese speaking countries, as they belong to one same organization which is the UCCLA, this organization was to establish good relations not only for cities, but also through the cities for the people from them. Jose thinks that Macao government should use more of this platform, to reach a wider audience in terms of connecting the the PSCs.

Based on the interview, it seems that the Portuguese Macao was having 'passive' external relations as it was mostly arranged by Portugal. Regarding Macao's 'passive' external relations, the uncertainty of its sovereignty or the ownership of Macao may also have put some limitations in the same regard. Regarding the sovereignty over Macao after 1974, based on Brüning's observation in Macao before 1999, he stated the following¹⁹⁸:

The Portuguese in 1974 unilaterally gave up the sovereignty of Macao, they did not claim sovereignty over Macao after 1974 after the Carnation Revolution. Neither was the CCP or KMT recognized the Portuguese sovereignty over Macao. So in 1999, it was not a change in sovereignty, actually officially it was called the change in the 'exercise of sovereignty'. Why? Because the central government of China had sovereignty over Macao but did not exercise it. Portugal did not claim sovereignty over Macao after 1974, before 1974 the colonial Portuguese government claimed Macao to be its overseas province. So, because of that, after 1974, Macao's status was in a transition period to the Chinese rule, internationally other countries knew that Portugal did not have sovereignty over Macao anymore, and the central government of China did not recognize the Portuguese sovereignty over Macao, so how do you conduct external relations in (Portuguese) Macao with unclear status?

¹⁹⁸ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

Scholar Santos Neves also agrees with not only the Macao's 'passive' role in its external relations, but also the fact that Portugal has expressed little interest in empowering Macao's capabilities in its external affairs before 1999. In this regard, Santos Neves argues that¹⁹⁹:

Portuguese administration never committed to develop Macao's external affairs. The dictatorship Salazar was under international pressure about de-colonization, The only time was the last years of Portuguese administration, there was a disagreement with the European union in 1992-1997. It was the only time when there was some concern about Macau's external relations, except that everything was conducted by Lisbon. So there was no autonomy in external affairs. Because Portugal also had a very conservation view about subnational government acting on their own. Because it was influenced by the state-centric type of thinking, back the time the parallel type of administration was not encouraged. HK was allowed after 1959 Lancashire agreement HK was allowed to carried out for trade on its own, but there was never anything for Macau.

According to Brüning, in the late stage of Portuguese Macao before 1999, Macao did not have an active role in its external relations. Even after the Chinese retrocession of Macao's administration, in the early years of the Macao SAR, the local government was still under a "passive" state for conducting its external relations, which was mostly arranged or ordered by the central government from Beijing. For this, Brüning underlined that²⁰⁰:

Around 2001 or 2002, I went to Beijing with Edmund Ho on an official trip, and it (the central government) was announced that

¹⁹⁹ In-person interview with Prof. Miguel Santos Neves in November, 2018 in Lisbon, Portugal. Prof. Miguel Santos Neves is one of the leading scholars in the study of the Macao and Hong Kong Special Administrative Regions and their related external affairs.

²⁰⁰ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

Macao would promote the relations between China and the PSCs (Portuguese-speaking countries), then Macao was given this role by the central government. You know, it was not what Macao said: ‘I want to do it’, it was the central government who ordered or told Macao to do it. At first they just said about this role, then later (a few years) the Forum Macao initiative came up. So the initiative about Macao’s role came from Beijing, and of course it was not the Portuguese initiative. And the forum and platform roles that Macao now has, only came after 1999, which was not written in the Joint Declaration, as nobody talked about it at that time.

In terms of Macao’s external relations before 1999, Macao joined a number of international organizations, as Brüning has pointed out, it was operated by Portugal with the consent of the People’s Republic of China. In this regard, he stated²⁰¹:

After China and Portugal established diplomatic relations in 1979, and before 1999, Portugal helped Macao join into GATT (for textile industry), ESCAP (UN Economic and Social Commission for Asia and the Pacific), GSP (general system preferences) There should have been some informal contact between the two nations in regarding Macao’s membership to those international organizations, because I cannot image if Portugal applied for Macao’s membership of WTO without negotiating with China’s central government.

4.5 The Macao SAR’s External Relations from 1999 to the Present Day

After 1999, the Macao SAR, similar to its counterpart Hong Kong in 1997, became a special administrative region of China. The Macao SAR follows the *Macao Basic Law* and the “One Country, Two Systems” principle. Meanwhile, the central government set up the Office of Commissioner for the Ministry of Foreign affairs (MFA) and the PLA barrack in the region. The MFA and PLA are responsible for the Macao’s SARs foreign affairs and defense. As a non-sovereign region, the Macao Basic Law and the “One Country, Two Systems” principle allows the Macao SAR to possess a high

²⁰¹ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

degree of autonomous power. Based on this, the region is able to maintain wide-ranging and close contacts with various countries in the world. Similarly, this includes relations that were established during the Portuguese Macao period, such as the PSCs and the EU. Compared to cities on the mainland, the Macao SAR has a number of mutual visa exemption treaties with other countries around the world.²⁰² Moreover, it has a great number of consulates and these are two special features of the Macao SAR in the regard to its external relations.

4.5.1 The Macao SAR and the EU

The official relationship between Macao and the EU was established in 1992, built on the foundation of the Macao-European Commission Trade and Cooperation Agreement.²⁰³ After the establishment of the Macao SAR, economic and trade affairs have become an important aspect of the relationship between the two regions. With reference to this, the Macao SAR set up its Economic and Trade Office at the EU's headquarters in Brussels, in order to enhance cooperation between the two. Based on the agreement mentioned above, the two sides may cooperate in fields including industry, investment, science and technology, energy, information, training and other areas.²⁰⁴ Moreover, one can highlight that there is an increasing number of cooperative projects between the region and the EU, as evidenced in the following table²⁰⁵:

Table 2 Cooperative Projects between Macao and the EU

Cooperative Projects between Macao and the EU

²⁰² Also see Appendix II.

²⁰³

²⁰⁴

²⁰⁵ Data gathered from "Macao Yearbook 2019," ed. Government Information Bureau (Macao, SAR: Macao SAR government, 2019), 193.

Project Name	Remark
Training for the Tourism Industry (1999-2001)	
European Program Scheme (1999-2001)	
Services Development Program (1999-2001)	
Asia-Invest Program (2001 and 2002)	
EU-Macao Legal Cooperation Program	Phase One (2002-2007)
EU-Macao Legal Cooperation Program	Phase Two (2010-2013)
EU-Macao Legal Cooperation Program	Phase Three (2016-2019)
Immigration Services Training Program (2006-2007)	
EU Business Information Cooperative Program (2009-2012)	
Chinese Portuguese Translation and Interpretation Training Program (2010-2014)	
the EU Academic Program (2012-2016)	
Chinese-Portuguese Translation and Interpretation Training Cooperation (2016-2020)	
Horizon 2020 (2016-2020)	

Apart from the various cooperative projects illustrated above, currently, the Macao SAR passport grants its holders 90 days or six months of stay without needing a visa in the 28 EU member countries since 2004.²⁰⁶ The Chief Executive of the Macao SAR,

²⁰⁶ The countries include: Denmark, Belgium, Lithuania, Spain, Hungary, Greece, Croatia, Poland, Finland, France, Latvia, the United

puts great emphasis on the importance of the region's relationship with the EU. For example, during the first and second-term of Chief Executive Edmund Ho Hau Wah, he and his delegation made various official visits to Portugal, France, Belgium and Germany, in 2000, 2001 and 2004. Ho also visited Portugal and Belgium in 2006. Later on, in the third and fourth-terms of Chief Executive Fernando Chui Sai On, he and his delegation revisited the EU in 2012, to seek further cooperation between the two regions.²⁰⁷

4.5.2 The Macao SAR and Portugal

In regards to the Macao SAR, it has maintained a good relationship with Portugal since the handover in 1999. This was in part due to the central government's interest in utilizing the regions role in not only building a close connection with Portugal, but also towards the Lusophone world based upon it.²⁰⁸ The Macao SAR government established its economic and trade office in Lisbon in 2000, which aimed to further strengthen the relationship between the region and Portugal.²⁰⁹ The two sides' cooperation is based on the following agreements called the "Mutual Encouragement and Protection of Investment between the Macao Special Administrative Region of the People's Republic of China and the Portuguese Republic" and "Cooperation Framework Agreement between the Macao Special Administrative Region of the People's Republic of China and the Portuguese Republic". These two documents have

Kingdom, Bulgaria, Ireland, Czech Republic, the Netherlands, Slovenia, Slovakia, Austria, Italy, Cyprus, Estonia, Sweden, Portugal, Germany, Luxembourg, Romania and Malta.

²⁰⁷ "Macao Yearbook 2019."

²⁰⁸ In-person interview with Mr. Harald Brüning in Macao in June, 2019.

²⁰⁹ "Trade Representative Offices," ed. Economic Bureau (Macao SAR: Macao SAR government, 2018).

covered the protocols in the fields of “administration, justice, medicine and hygiene, science and technology, sports and auditing. In addition to this, it has enhanced , the cooperation and communication between the two sides and promoted greater cooperation between the Macao SAR and Portugal in the areas of economics, finance, science, technology, culture, internal public security and justice”.²¹⁰

In 2014, former Portuguese president Anibal Cavaco Silva visited the Macao SAR and inked the “Amendment of the Cooperation Framework Agreement between the Macao Special Administrative Region of the People’s Republic of China and the Portuguese Republic” with the local government. Moreover, the agreement aims to further strengthen the cooperative mechanism between the two regions by changing the “biennial bilateral meeting to an annual one”.²¹¹ In 2010, Chief Executive Fernando Chui Sai On and his delegation team visited Portugal. At this time, they worked on deepening the friendship, trade, economic, social and cultural cooperation between the region and Portugal. In 2016, Chui made another official trip to Portugal, and the two trade partners came to a consensus over strengthening economic and language training cooperation.²¹² In addition to this, Chui made his last official visit as Macao’s chief executive to Portugal in 2019. Furthermore, the two sides have a close trade partnership and in 2018 alone, imports from Portugal totaled 329 million patacas, representing a rise of 23.2 percent compared to 2017. Meanwhile, the Macao SARs exports to Portugal increased to 24.25 million patacas.²¹³

²¹⁰ "Macao Yearbook 2019," 194.

²¹¹ Ibid.

²¹² Ibid.

²¹³ "Macao Yearbook 2019," 195.

4.5.3 The Macao SAR and the PSCs

Due to Macao being a Portuguese settlement for over 400 years, the society was developed under Portuguese cultural and linguistic influences. Based on these features, the region possesses a special connection with not only Portugal, but also the former Portuguese colonies. In the present day, they are known as the Portuguese-speaking countries or the Lusophone world. Compared with other cities on the mainland, the Macao SAR is the only Chinese city that is capable of developing special relations with the PSCs in the world. Based on these factors, the region was commissioned by the central government to build a close relationship with the PSCs. Also, one can highlight that were some early initiatives before the establishment of the Forum Macao in the early 2000s. Similarly, Beijing explicitly requested that the Macao SAR build a platform to strengthen its relations with the Lusophone world, the entity later known as the Forum Macao.²¹⁴ The central government put this initiative into its 12th and 13th national Five-Year Plans, in order to support the Macao SARs establishment of “One Center, One Platform” role. Meanwhile, the “One Platform” was specifically designed to develop the region as a “business, trade cooperation and service platform for China and Portuguese-speaking countries”.²¹⁵ In addition to this, the central government has given authorization to the Macao SAR to set up and host the Ministerial Conference for the Forum of Economic and Trade Cooperation between China and the Portuguese-speaking countries. According to the table below, each forum was carried out with the following outcomes²¹⁶:

²¹⁴ Based on in-person interview with Mr. Harald Brüning in June 2019 in Macao.

²¹⁵ “Macao Yearbook 2019”.

²¹⁶ Data gathered from "Macao Yearbook 2019," 195-96.

Table 3 Ministerial Conference of the Forum for Economic and Trade Cooperation between China and the PSCs²¹⁷

Ministerial Conference of the Forum for Economic and Trade Cooperation between China and the PSCs			
orum	Year	Theme	Remarks
1st	2003	None	1) The Economic and Trade Cooperation Action Plan signed; 2) members agreed to establish a permanent secretariat for the Forum in Macao
2nd	2006	Deepening cooperation and developing together	1) The Economic and Trade Cooperation Action Plan 2007-2009 signed
3rd	2010	Advance Common Development Through Diversified Cooperation	1) former Premier Wen Jiabao attended the event and delivered a keynote speech; 2) The Economic and Trade Cooperation Action 2010-2013 signed
4th	2013	New Cycle, New Opportunities	1) The Economic and Trade Cooperation Action Plan 2014-2016 signed; 2) Strengthened the importance of the Macao SAR as a platform; 3) Proposed a professional development exhibition in Macao targeting markets in the PSCs; 4) Proposed to build a food trading and distribution center for the PSCs

²¹⁷ Data gathered from Macao Yearbook 2019.

5th	2016	<p>Working towards Stronger Sino-Portuguese-speaking Countries' Trade and Economic Relations - Combining Efforts, Jointly Building a Platform, Sharing Fruits of Development</p>	<p>1) Premier Li Keqiang attended the event and delivered a keynote speech; 2) Premier Li announced 18 new measures for strengthening and deepening the economic and trade cooperation between China and the PSCs; 3) the Strategic Plan for Economic and Trade Co-operation (2017-2019) and the Memorandum of Understanding and Promoting Co-operation in Production Capacity signed.</p>
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Trade between the Macao SAR and the PSCs has been growing in recent years. In the year 2018 alone, the value of regions exports to the PSCs was 24.56 million patacas, and the imports to the Macao SAR from the PSCs were worth 790 million patacas.²¹⁸

4.5.4 The Macao SAR and the US

According to an official document from the local government, since Macao returned to the motherland, its interactions and cooperation with the US has mainly focused over areas of “combating illegal transshipment, antipiracy measures, law enforcement training and anti-terrorism measures”.²¹⁹ In 2018, the total value of the Macao SARs gross exports to the US was 129 million patacas, about 30.6 percent less than in 2017.

²¹⁸ "Macao Yearbook 2019."

²¹⁹ Ibid.

On the other hand, however, the regions imports from the US were valued at 3.67 billion patacas, marking an increase of 10.6 percent compared to 2016.²²⁰ Currently, the major U.S. companies operating in the Macao SAR are the gaming companies such as Sands, MGM, and Wynn. They entered the regions gaming industry after the local government liberalized gaming concessions for the Macao SARs external gaming companies in the early 2000s. The US Consulate General for both the Hong Kong and Macao SARs is based in Hong Kong and it takes care of the affairs between the Macao SAR and the US. The United States once tried to set up a Consulate in the Macao SAR but this was declined by China.²²¹ More details about Macao and the US will be discussed in Chapter 6.

4.5.5 Consulates in the Macao SAR

Based on Article 142 of the *Macao Basic Law*, the establishment of a foreign consulate or other official or semi-official missions in the Macao SAR is subject to approval by the central government. The details for approval are stated in Article 142 as the following²²²:

Article 142 The establishment of foreign consular and other official or semi-official missions in the Macao Special Administrative Region shall require the approval of the Central People's Government.

²²⁰ Ibid.

²²¹ Ying Hou, *A Chinese Perspective of Macao and Sino - U.S. Relations: A Case Study of Banco Delta Asia Affairs.*, ed. Yufan Hao and Jianwei Wang, Macao and Sino - U.S. Relations (Plymouth, UK: Lexington 2011). Also based on in-person interview with Mr. Harald Brüning in Macao in June 2018.

²²² *Macao Basic Law*, Article 142.

Consular and other official missions established in Macao, by states which have formal diplomatic relations with the People's Republic of China may be maintained.

According to the circumstances of each case, consular and other official missions established in Macao by states which have no formal diplomatic relations with the People's Republic of China, may either remain or change to semi-official missions.

States not recognized by the People's Republic of China may only establish nongovernmental institutions in the Region.

By the end of 2018, a total of 90 countries have established their consular services in the Macao SAR. Furthermore, the duties of their consulate generals are in the Hong Kong SAR. Of which, includes the related affairs of the Macao SAR, or empowers them to carry out consular duties in the region.²²³ These foreign consular services stationed in Macao and Hong Kong have made the two SARs special, in terms of their respective external affairs. Compared to most cities on the mainland, these consulates in the Macao and Hong Kong SAR can play a 'liaison' role between the two and their home countries and regions. The details of the consulates in Macao are the following²²⁴:

Table 4 Consulates in the Macao SAR

Consulates in the Macao SAR	
Established a consulate General in Macao	(4) Angola, Mozambique, the Philippines and Portugal

²²³ "Macao Yearbook 2019," 190.

²²⁴ Data gathered from Macao Yearbook 2019, *ibid.*, 189-90.

<p>Assigned their consulates general in Hong Kong to cover consular affairs in Macao</p>	<p>(57) Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Brunei, Cambodia, Canada, Chile, Colombia, the Czech Republic, Egypt, the European Union, Finland, France, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, the State of Kuwait, Laos, Malaysia, Mexico, Mongolia, Myanmar, Nepal, the Netherlands, New Zealand, Nigeria, Pakistan, Peru, Poland, Qatar, Romania, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom, the United States, Venezuela, Vietnam and Zimbabwe.²²⁵</p>
<p>Appointed honorary consuls to Macao</p>	<p>(9) Cape Verde, Estonia, Grenada, Guinea, Guinea-Bissau, Mali, Mozambique, Nigeria, Peru and the United Kingdom.</p>
<p>Empowered honorary consulates in Hong Kong to cover or extend services to Macao</p>	<p>(20) Cyprus, Eritrea, Ethiopia, Hungary, Iceland, Kenya, Lithuania, Maldives, Morocco, Namibia, Norway, Rwanda, San Marino, Seychelles, Slovakia, Slovenia, Sri Lanka, Sudan, Tanzania and Uruguay.</p>

4.6 Summary

²²⁵ Note: Antigua, Barbuda, Samoa, the Bahamas and Denmark have not yet established consulates general in Hong Kong, but their agreements with China on provision or expansion of consulate services are effective. Ibid.

To sum up, Macao has been China's land for thousands of years; the earliest record of inhabitants' activities was recorded back in the Qin dynasty. For the most parts of its history, Macao has been known as a 'fishing village' until its discovery by the Portuguese, who, during the later years changed the history of Macao. The Portuguese attempt to settle in Macao was not as smooth as they had expected, since the Ming dynasty authorities showed no real interest in and felt suspicious of these foreign traders. However, the Portuguese worked out a way to establish themselves in Macao starting by renting it from the Ming authorities. The Portuguese trading fleet certainly did use Macao as a "staging area"²²⁶ for their merchandise going in and coming out from the markets of East Asia and South East Asian countries, including China, India and Japan.

Nevertheless the Portuguese settlement in Macao did mark the beginnings of the possession of Portugal over Macao, later known as the first and also the last European holding in China.²²⁷ As China was going through its chaotic ages in the 19th and 20th century, Portugal took advantages from China and occupied Macao as its colony for stationing its troops, refusing to pay rent as well as opposing the ruling of Qing dynasty. It should be remembered that the inked Treaty of Peking in 1887 marked the colonial period of the Portuguese over Macao as the Treaty acknowledge Portugal's ownership to Macao. However, throughout the Portuguese colonial ruling over Macao, in the eyes

²²⁶ Roy Xavier, "Luso-Asians and the Origins of Macao's Cultural Development," *Journal of the Royal Asiatic Society* 57 (2017): 5.

²²⁷ Dillon Michael, *Encyclopedia of Chinese History* (New York: Routledge, 2017), 418.

of the Portuguese government, Macao acted as an “inconsequential role” in Portuguese foreign affairs throughout its history.²²⁸

Since the establishment of the People’s Republic of China in 1949, its formal diplomatic relation with Portugal was set up in 1979, shortly after the Carnation Revolution took place in Portugal marking a period of decolonization of former Portuguese colonial government. This marked the beginning process of the return of Macao to the Chinese administration. The Joint Declaration between China and Portugal was signed, also helped to shape Macao’s return date and its way of operation after its return, but most importantly, through this, the Macao issue was solved in a peaceful and smooth manner between China and Portugal. With the 127th and last Portuguese governor of Macao Vasco Rocha Vieira having finished his 8-year term in Macao, it also marked the expiration of the Portuguese occupation in Macao in 1999, as agreed in the Sino-Portugal Joint Declaration by both nations.

When it comes to the debate of the Sovereignty ownership during the Portuguese Macao period, it has always been a complicated issue, as scholars and experts from both countries tended to lean toward their own side. However, as Macao has been in an “inconsequential role” in the eyes of its former colonial government, speaking from the perspective of subnational government, Macao was not valued much by the Portuguese colonial government, but rather, as a trading post on the South China Coast. Therefore, after Macao was returned to the Chinese administration in 1999, China started to exercise the “One Country, Two Systems” principle over Macao, which

²²⁸ Ip.

turned Macao into a special administrative region (SAR) like its counterpart Hong Kong. As well as now being China's subnational government, this marked a new chapter for Macao's mission on its external affairs.

Last but not least, in terms of Macao's external relations before 1999, Macao had a 'passive' role both from the Portuguese and the Chinese governments through different historical periods. After China's retrocession of Macao, with the implementation of the "One Country, Two Systems" principle in the newly established Macao SAR, Macao's external relations and its related external affairs has entered a new phase of practice. Just as Brüning has noted, "before 1999, Macao's external relations was 'case by case' which was not 'systematic'. After 1999, it was implemented in a 'systematic' way, because of the *Macao Basic Law* regulated Macao SAR could have external relations".²²⁹ As it has been illustrated in section 4.5, after 1999, the Macao SAR carried out its external relations in a more 'systematic' fashion, and thanks to the *Macao Basic Law* and the "One Country, Two Systems" principle, the previous contacts that have been established during the Portuguese Macao period have been well maintained and continued to perform their respective roles in their relations with the Macao SAR.

²²⁹ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

Chapter 5 Legal Foundation

5.1 Introduction

In 1999 when the small Chinese enclave of Macao was returned to China's administration from its former Portuguese government, Macao re-emerge as a Special Administrative Region (SAR) of China similar to its counterpart, the Hong Kong SAR in 1997. The idea of the SAR was initially created when seeking to find a peaceful solution for Taiwan's return to the mainland sometime in the future. So far, the Macao SAR has been operating for almost 20 years and will celebrate its 20th anniversary in late December, 2019. Much has been achieved within this post-colonial period and thanks to help from central government, the Macao SAR was able to quickly remove the shadow of its colonial past, and grow with great continuing success as a brand-new special administration region of China.

For any society, region and state to work it needs a series of proper and well-established laws and rules to keep society's domestic issues in order. In other words, a law of order, a cornerstone of society which makes its external businesses or affairs more presentable. Although the Macao SAR is a regional and subnational administrative unit of China, it has signed a significant amount of international treaties and has obtained over hundreds of memberships to international organizations, which have served to strengthen the Macao SAR for further promoting itself and ensuring its involvement in the international society. Through this lens of legal foundation, Macao can be studied and understood for its international involvement and participation in the international society, namely in its legal external status and affairs with other countries and regions.

This chapter attempts to answer the question, of what and how much room has been given to the Macao SAR to exercise its legal external affairs under the framework of the “One Country, Two Systems” principle, and how this might define the relations between the Macao SAR government and the central government. Moreover, what are the power sources for the major legal practices that the Macao SAR is currently involving in? Lastly, it will offer an outlook of Macao’s participation in international conventions and agreements, as well as its involvement in international organizations as an empirical case study to illustrate the legal foundation for Macao’s external affairs.

There will be two main sections in this chapter. The first one will focus on the legal status and functions of the Macao SAR’s external affairs as China’s subnational government, explaining the assigned legal ranges and scopes which the model of “One Country and Two Systems” and the *Macao Basic Law* have given the Macao SAR to operate its empowered external relations. Whereas, the second element of this chapter focuses on the examples of the Macao SAR’s participation in international legal affairs through legal means, while acting as a China’s subnational government. and its actions and participations on the international stage. The world’s subnational governments are increasingly weighting in their roles and functions in today’s world politics. In light of this trend, before trying to understand what the Macao SAR is capable of contributing to China’s overall diplomacy, we must first understand Macao’s external affairs’ legal foundation, provided by the *Macao Basic Law* and the “One Country, Two Systems” principle. This series of special legal features have also differentiated the Macao SAR from other subnational governments on the mainland. Unlike most of the literature on this topic which has focused on the perspective of law and related legal studies only,

this research, attempts to present an exploration from the perspective of international politics, with a focus on the subnational government's involvement in the international political arena.

5.2 Background

The Macao and Hong Kong Special Administrative Regions (SARs) are often seen as two economies with high levels of autonomy when compared to other major cities and provincial capitals in the mainland China. Although the Hong Kong and Macao SAR cannot be seen entirely as state actors, they certainly do have a high economy volume with a high degree of autonomous powers. For example, they have enormous quantities of external contacts with other foreign countries and regions in the fields of economic, social, and cultural cooperation, and could directly participate with external affairs under the authorization from the central government.²³⁰

The Macao SAR, and the Hong Kong SAR governments' powers of autonomy stem from the "One Country, Two Systems" principle which became effective immediately after each SAR was established. Also, the Basic Law of each SAR further legalized and institutionalized the principle of "One Country, Two Systems". The design of the "One Country, Two Systems" principle was created based on the Chinese national historical conditions and with the principle aim of settling the Taiwan issue in a peaceful manner. It is thought that the solution to the Taiwan issue, which also stemmed from historical conditions of the Taiwan Strait and the international status quo after the Second World War, might also be found through the "One Country, Two

²³⁰ Wang.

Systems” principle. The doctrine of “One Country, Two Systems” was closely embedded in each SAR’s Basic Law. As a result of this the principle of “One Country, Two Systems” and the *Macao Basic Law* later became the guiding principles for Macao’s external legal affairs.

Similar to many other countries and regions in the world, the Macao SAR has obtained various membership to a number of reputable international organizations and associations, including the World Trade Organization (WTO); the Egmont Group, an informal international gathering of financial intelligence units; and the Asia/Pacific Group on Money Laundering, a Financial Action Task Force-style regional body.²³¹ Many of these memberships were in place during the Portuguese colonial period²³² and were able to be maintained thanks to the “One Country, Two Systems” principle, which will be further explained throughout in the following sections.

The Macao SAR in recent years has been actively promoting and advertising new laws and regulations to reinforce its overseas investment and to protect potential business opportunities. Taking the “Belt and Road Initiative” (BRI) for instance, shows Macao as a central base for the connection between China and the Portuguese Speaking Counties (PSCs), and East Timor is the closest PSC country to Macao. In the spring of 2018, Macao introduced the public to the “New Investment Law of East Timor”,

²³¹ "U.S. Relations with Macau," ed. BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS (U.S. Department of State 2018).

²³² It was possible that Portugal helped Macao join the WTO after informal discussion with China, it was likely that Portugal did so after having China expressed consent, so Macao’s membership to the WTO was unlikely to be the Portuguese unilateral decision. Based on in-person interview with Harald Brüning in Macao in June, 2019.

hoping to raise the awareness of local businessmen's sense of legal regulations with regards to making investment in East Timor.²³³ Here, this independent legislative power comes from the "One Country, Two Systems" principle and the *Macao Basic Law*, as well as guidance from the Commissioner's Office.

In order to understand why this legal foundation is contributing to and promoting the Macao SAR's external affairs, we must look back on how the rules and orders have come into play. Since the negotiations of Macao's return to China commenced in the 1980s, their components were embedded into the "One Country, Two Systems" principle it gave Macao a legal advantage to promote its own, as well as China's diplomacy through legal means. For example, the former Portuguese colonial government actually extended all of its laws to its former colonies, however due to political reasons, those colonies were not seen as "colonies", but regarded more as Portugal's overseas provinces, and as such these "colonies" laws had to be formed in the same structure with the continental, or "metropolitan" Portugal.²³⁴ This 'unity' brought an advantage when it came to cooperation among the Portuguese speaking countries, as well as to Macao, the small Chinese enclave. In reality as the laws came from the same legal structure which, still remain today,²³⁵ it smoothed the dialogue among Portuguese speaking countries and regions across the globe in legal matters.

²³³ "East Timor New Investment Law Seminar Held Yesterday", "Dong diwen xin touzi fa jiangjie hui zuo juxing". *Macao Daily*. A11. 24th March, 2018.

http://www.macaodaily.com/html/2018-03/24/content_1253257.htm

²³⁴ Augusto Teixeira Garcia, "Macao and Its Influence in Portuguese Speaking Countries: Legal and Other Aspects. [Aomen Jiqi Zai Puyu Guojia De Yingxiang: Falv He Qita Fangmian]," in *Globalization and Macau: Macau's External Role between Asia Pacific and Latin America. [Aomen Zai Yatai He Lamei Zhijian De Duiwai Pingtai Juese]*, ed. Meichang Wei (Macao: Macao Foundation, 2017), 433.

²³⁵ *Ibid.*, 434.

This coordination would not only bring convenience through legal means, but also to economic and cooperation means: it would facilitate China and the Macao SAR with further convenience in terms of trading and cooperation, as well as in diplomacy with today's Portuguese-speaking countries. For instance, in Latin America, Brazil, the largest Latin American country, has been an important trading partner with China, and both countries remain close. China is one of the leading players among the world's major nations, such as Western Europe and the United States. China's investment is also rapidly increasing in Africa, with an annual growth rate of 30% to 40%, in 2015, with trade between China and African countries rising to 1476 billion US dollars.²³⁶ Among the trade between China and African countries, Angola and Mozambique are some of the leading African representative states in terms of trade and cooperation to China, not only because of their enriched natural resources, but also because they lacked well trained professionals or technicians which gave room for further cooperation. They are also Portuguese speaking countries (PSCs) like Brazil. Moreover, with the consistency of legal system and legal structure from Macao to Brazil, Angola and Mozambique and many other Portuguese speaking countries, this created a convenient and smooth cooperation between China and those Portuguese speaking countries by applying Macao as the platform, not only through economic but also via legal means. Moreover, all of these features were made possible by the two important legal components in the Macao SAR's legal external affairs, the "One Country, Two Systems" principle and the *Macao Basic Law*. These series of reasoning have partially promoted the strategic action to create the "Forum for Economic and

²³⁶ Ibid., 435.

Trade Co-operation between China and Portuguese-Speaking Countries” (Forum Macao) in October 2003,²³⁷ which will be discussed in details in Chapter 7.

5.3 Macao’s Legal Foundation for External Affairs

The “One Country, Two Systems” Principle

5.3.1 The Origins of the “One Country, Two Systems” Principle

In March, 2018, at the National People’s Congress (NPC) annual meeting, during the first session opening remark, Premier Li Keqiang said that, the central government has “every confidence that Hong Kong and Macao will develop and thrive together with the mainland”.²³⁸ Moreover, Li claimed “[W]e will support Hong Kong and Macao in integrating their own development into the overall national development”,²³⁹ and the central government will therefore boost the cooperation and exchanges between the mainland and Macao and Hong Kong special administrative regions. Premier Li Keqiang stressed that the central government will continue to implement the principle of “One Country, Two Systems”, and act in compliance with the National Constitution and the Macao and Hong Kong Basic Laws. With the regard of the SAR governments, and the chief executives of the two SARs, Li stressed that the two regions “have our full support in exercising law-based governance and in their efforts to achieve strong economic growth, improve living standards, progressively advance democracy, and

²³⁷ Ibid.

²³⁸ Staff Reporter, "Beijing Has ‘Every Confidence’ in Macau: Li," *The Macau Post Daily*, March 6 2018.

²³⁹ Ibid.

promote social harmony”.²⁴⁰ Li’s remarks at the NPC meeting once again revealed the high importance of the means of the “One Country, Two Systems” to the Macao SAR’s current and further development model, as well as its counterpart, the Hong Kong SAR.

The “One Country, Two Systems” principle is one of the most special political rules in China and probably the only political model of its kind existing in the empirical political world. The “One Country, Two Systems” principle was initiated by China’s former leader, Deng Xiaoping, in the 1980s. The “One Country, Two Systems” concept was based on a thorough study and a deep recognition of Macao, Hong Kong and Taiwan historical factors and realities, as well as on a comprehensive understanding of the international situation and the conditions in domestic China during that period.

The “One Country, Two Systems” principle is a great invention of socialist China, which not only successfully combines the world’s two dominant political models into one, namely socialism and capitalism, making them coordinately work together within the border of one nation, but also ensures the prosperity and stable development of the Macao SAR after its return to its motherland from the Portuguese administration. In a deeper sense, China is a unitary state, with the aim of establishing the formula of “One Country, Two Systems” in order to provide a successful framework for having Taiwan peacefully returned one day in the future, as well as to provide a guidance of governance for the Macao and Hong Kong SARs. Therefore, the principle of “One

²⁴⁰ Ibid.

Country, Two Systems” as a political invention believed that Taiwan could enjoy a high degree of autonomy as a China’s Special Administrative Region if Taiwan’s peaceful reunification to China was achieved. Hence, the Fifth Session of the Third National People’s Congress (NPC) passed the Constitution of the People’s Republic of China in December 1982, with the Article 31 states the following:²⁴¹

The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People’s Congress in the light of specific conditions.

Therefore, the NPC empowered and legalized the creation of the “One Country, Two Systems” principle and made it possible for this to be exercised and implemented in the Macao and Hong Kong Special Administrative Regions, with assurance provided by national legislation. We must consider the relations between the “One Country” and the “Two Systems” in “One Country, Two Systems” as being composed of “One Country” and “Two Systems”. First, “One Country” is a complete concept. “One Country” is an important premise and legal foundation for exercising “Two Systems” where the “Two Systems” were generated and belonged to “One Country” and so is where the “One Country” was generated.²⁴² Scholar asserts that the scientific design of the “One Country, Two Systems” principle, and the Macao SAR high level of

²⁴¹ "Enactment of the "One Country, Two Systems" Concept ", (Hong Kong SAR: Hong Kong SAR Government, 2019).

²⁴² Leji Zhao, "Upholding "One Country, Two Systems" and Exercising "One Country, Two Systems" Advantages, [Jianchi "Yiguoliangzhi" Fangzhen Fahui "Yiguoliangzhi" Youshi]," ed. Hong Kong and Macao Affairs Offices of the State Council (Beijing: Hong Kong and Macao Affairs Offices of the State Council, 2018).

autonomous power are the best arrangement for the Macao SAR's long term stability and prosperity.²⁴³

5.3.2 The "One Country, Two Systems" Principle with Chinese Characteristics

Speaking politically, the "One Country, Two Systems" principle is a great invention as it matches the needs of a reunifying China which was desired by the whole country, together with Macao, Hong Kong and Taiwan, especially since the latter three have special historical circumstances and were operating under a capitalist system. Based on the objective realities of Macao, Hong Kong and Taiwan's historical background and their former/current governments, the "One Country, Two Systems" principle provides an ideal model for all three. This principle is a "win-win" strategy, as on the one hand it protects the integrity of the nation's sovereignty and territory; while it also, protects the residents of Macao, Hong Kong and Taiwan to continue to live on their own ways of life, without compromising their own interests.

Therefore, the "One Country, Two Systems" practice is closely related to the socialism with Chinese characteristics, as the practice was "proposed entirely on the basis of Chinese reality".²⁴⁴ With the "One Country, Two Systems" approach, Macao and Hong Kong could "benefit greatly in both political and economic areas": the smooth return process of Macao and Hong Kong to China and their current stage of development have proved this.²⁴⁵ As scholar Tiexun Leng once argued, the policy of "One Country, Two Systems" is developed under socialism with Chinese

²⁴³ Ibid.

²⁴⁴ Tiexun Leng, "On the Fundamental Characteristics of the "One Country, Two Systems" Policy," *Academic Journal of "One Country, Two Systems" 1* (2009).

²⁴⁵ Ibid.

characteristics. For example, the mainland could be, with the principle of “One Country, Two Systems” “gradually becoming a reality, a peaceful and stable environment could be created for reform, opening up and modernization. At the same time, the Mainland could also have better framework to learn and adopt advanced management practices from Hong Kong, Macao and Taiwan.”²⁴⁶

The Chinese characteristics of the “One Country, Two Systems” principle was also expressed within the function of the principle itself. The “One Country, Two System” was built to reunite the nation, rather than the other way around. It was built to reconnect Macao, Hong Kong and Taiwan back to the mainland, stemming from three former historical issues which lead to problems of China’s integrity of national sovereignty and the nation’s territory. In addition, the reunification of Macao, Hong Kong and Taiwan has significant political meanings to China. According to Leng, “[O]nly by achieving complete national reunification, can China completely eliminate underlying threat to national sovereignty and territorial integrity, truly unite the Chinese nation as a whole, create national glory, truly safeguard national independence and not be subjected to actions and will of others”.²⁴⁷

5.3.3 The Practice of the “One Country, Two Systems” Principle in the Macao SAR

In 1999, to mark the return of Macao to China’s administration, Macao re-emerged itself as a China’s Special Administrative Region (SAR) like its counterpart the Hong Kong SAR. Similar to the Hong Kong SAR, the Macao SAR started to practice the

²⁴⁶ Ibid.

²⁴⁷ Ibid.

“One Country, Two Systems” principle upon its return from its former Portuguese administration. As a China’s region, Macao has special roles and functions, based on Macao’s historical colonial background and its features. Therefore, to solve the Macao issue, Macao was chosen to exercise the principle of “One Country, Two Systems”. In other words, the Macao SAR is the frontline of the practice or the testing of the “One Country, Two Systems” principle, while the residents of the Macao SAR are the actors of the “One Country, Two Systems” principle. Therefore, almost any topics related to the Macao SAR including matters of politics, law, economy, societal issues, are the performance of the legal and administrative outcome of the “One Country, Two Systems” principle.²⁴⁸

On 13th April, 1987, China signed the *Joint Declaration on the Question of Macao* with the Portuguese government. The document was also known as *Sino-Portuguese Joint Declaration*.²⁴⁹ In which both countries agreed to adopt the “One Country, Two Systems” principle and started to practice this principle after China’s retrocession of Macao in December 1999. According to the “One Country, Two Systems” principle, it clarifies that the central government of China has the overall jurisdiction to the administration of the Macao SAR, whilst the Macao SAR government enjoys high degree of autonomous power, and with “Macao people administering Macao”, they were able to implement the principal of Macao residents’ self-ruling practice.

²⁴⁸ "A Multi-Dimensional Thinking on the Relations between the Consitution Law and Basic Law, [Xinfa Yu Jibenfa Guanxi De Duowei Sikao]," in *"One Country, Two Systems" Study* (Macao SAR: Macao Polytechnic Institute, "One Country, Two Systems" Research Centre, 2016).

²⁴⁹ The full name of the governmental document is *Joint Declaration of the Government of the People’s Republic of China and the Government of the Portuguese Republic on the Question of Macao*.

As we know, China is a unitary state, where China's local government or subnational government's power is granted from its central government: it is not up to the subordinate-leveled government to determine how to exercise its power, but rather, in accordance to the central government's rule. This gives the definition of overall jurisdiction from the central government, which determines the subnational government's power of autonomy. Therefore, subnational government's power and autonomy, and the central government's overall jurisdiction are co-existing, interacting and coordinating with each other.

As Macao was (and still is) operating under the capitalist system, the "One Country, Two Systems" principle's provisions of "remain unchanged for 50 years" is a statement of a national policy that was written in the *Macao Basic Law*. Based on the principle of "One Country, Two Systems", the central government allows the Macao SAR to continue to operate in its capitalist way. With the permission of the central government, the Macao SAR enjoys administrative power, legislative power, independent judiciary power and the power of final appeal. Also, based on the principle of "One Country, Two Systems", the Macao SAR can maintain its capitalist society and its unchanged ways of living, and continue to participate in the international organizations, making contacts with foreign countries in the name of "Macao, China". The Macao SAR can also have its own currency (patacas), while the central government does not impose tax duty over the Macao SAR. All of these points were further detailed and legalized in the *Macao Basic Law*.²⁵⁰ Therefore, the "One

²⁵⁰ Yu Wang, *Study on "One Country, Two Systems" Theory and Practice*, ["Yiguolianghi" Lilun Yu Shijian Yanjiu], "One Country, Two Systems" Study

Country, Two Systems” principle and the *Macao Basic Law* have paved the legal foundation and political guidance for the Macao SAR’s external affairs with a high degree of autonomy.

The “One Country, Two Systems” principle generates success for and hope in the Macao SAR. During the last years of the Portuguese Macao before 1999, Macao suffered a decline in economic growth for 4 continuous years. After 1999, when Macao became one of China’s Special Administrative Region, the Macao SAR’s economy quickly started to grow more positively. In 2005, the Macao SAR’s economy growth speed increased by 11%.²⁵¹ In 2002, the Macao SAR government “liberalized” the restrictions to gaming business on its licensing in Macao, and in 2003, the central government implemented the “facilitation of individual travel (FIT) scheme.”²⁵² As a result of this, the Macao SAR entered into a rapid period of economic growth. With the construction of more and more casinos and hotels, the landscape of the city also changed dramatically, and a much more prosperous image of Macao was shown to the world. In 2011, the Macao SAR local GDP reached 292.1 billion patacas while the local individual GDP surpassed 530,000 patacas (around 66,311 US dollars). This meant that the Macao SAR now stood in an extremely important economic position in Asia. Macao’s ranking for economic development in the world also increased dramatically.²⁵³ The success of the practice of the “One Country, Two Systems”

(Macao SAR: Macao Polytechnic Institute, "One Country, Two Systems" Research Centre, 2013), 7.

²⁵¹ Yufan Hao, Li Sheng, and Guanjin Pan, *Political Economy of Macao since 1999, the Dilemma of Success`* (Singapore: Palgrave MacMillan, 2017).

²⁵² Ibid., 1-2.

²⁵³ "Macao Sar Individual Gdp Ranged the Top 3 in the World, Made Itself the Richest City in China, [Aomen Rejun Gdp Shijie Disan, Zhongguo Zui Fuyu

principle attracted world-wide attention, having established a positive image for the Macao SAR, as well for the practice of “One Country, Two Systems” principle itself. It received a wide range of recognition from the domestic audiences and overseas observers. Scholar Yunzhong Yang once pointed out that no matter whether dealing with matters of political, economic, social or social, the Macao SAR itself is an example of success for the model of “One Country, Two Systems” principle.²⁵⁴

5.4 Macao Basic Law

5.4.1 The Origin of the Macao Basic Law

Although the idea of “One Country, Two Systems” principle came before the enactment of the Basic Law, the idea was well known because of China’s former leader Deng Xiaoping, who offered a peaceful solution to solve Macao, Hong Kong and Taiwan issues. The implementation of the “One Country, Two Systems” principle in Macao and Hong Kong needed to be legalized and institutionalized by the central government, in other words, it had to be made legal to implement the principle in Macao and Hong Kong when they transformed into SAR’s upon their return to China’s administration. More importantly, it had to be passed and made legal by China’s Constitution.

Chengshi, [Zhongguo Dalu Renjun Zuigao Chengshi Shi], " news release, 1st March, 2018, http://www.sohu.com/a/224618626_100110525.

²⁵⁴ Yunzhong Yang, "On the Correlation between "One Country, Two System" and Socialism with Chinese Characteristics, [Lun "Yiguoliangzhi" Yu Zhongguo Tese Shehui Zhuyi De Xiangguanxing], " news release, 2016, <https://www.must.edu.mo/iscr/news/13637-article04150233>.

In China, the Constitution Law is the fundamental law of the state, which differentiates itself from other laws both in its form and its contents, and represents the highest level of legal power of the nation. In a state, the Constitution regulates the state form and defines the nation's political system. However, socialist China being a unitary state, needs to give special consideration to issues of Macao, Hong Kong and Taiwan due to their historical background. Hence a special measure was written into the Constitution.

According to China's Constitution Law Article 31:

The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions.

The National People's Congress (NPC) is the power source able to legalize and institutionalize the promulgation of the Basic Law. The Macao Basic Law's design was based on the historical factors of Macao under the Portuguese occupation for over 400 years, until its China's administration in 1999. Major political and constitutional, as well as the administrative changes would take place during the transition period, so the Macao Basic Law was enacted to cope with these changes. Therefore, in accordance to the Constitution, the National People's Congress (NPC) promulgated the Macao Basic Law in March 1993, and the NPC further regulated the political system of the Macao SAR, in order to ensure the nation's "policy implementation" in the Macao SAR²⁵⁵. Since the establishment of the Macao SAR, its political system,

²⁵⁵ Leng, "A Multi-Dimensional Thinking on the Relations between the Constitution Law and Basic Law, [Xinfa Yu Jibenfa Guanxi De Duwei Sikao]," 12.

policy and law are now all based on and accorded to the Macao Basic Law,²⁵⁶ as it states:²⁵⁷

In accordance with the Constitution of the People's Republic of China, the National People's Congress hereby enacts the Basic Law of the Macao Special Administrative Region of the People's Republic of China, prescribing the systems to be practiced in the Macao Special Administrative Region, in order to ensure the implementation of the basic policies of the People's Republic of China regarding Macao.

The Basic Laws of Macao and Hong Kong are highly similar, and yet big differences also exist, which, in some sense have also differentiated the two SAR's power of autonomy as China's subnational governments. According to scholar Geping Rao the *Macao Basic Law* although derived from the Hong Kong Basic Law, did not "completely copy" the Hong Kong Basic Law. Rather, the Macao Basic Law was closer to Macao's history and realities. It could be said that the *Macao Basic Law* represented the "characteristics of Macao", in order to better implement the "One Country, Two Systems" principle in the Macao SAR.²⁵⁸

Although the Macao Basic Law was based on experiences learned from the Hong Kong Basic Law, the former has more detailed provisions than the latter. For example, in terms of the power of the chief executive of the SAR, the Macao SAR's chief executive is empowered with 18 duties, compared to only 13 duties empowered to the Hong Kong SAR's chief executive; for instance the Macao SAR's chief executive is empowered to enlist partial members of legislative assembly, and promulgate

²⁵⁶ Ibid.

²⁵⁷ The *Macao Basic Law*.

²⁵⁸ Geping Rao, "The Macao Model: The Macao Basic Law and "One Country, Two Systems"," in *"One Country, Two Systems" Study* (Macao SAR: Macao Polytechnic Institute, "One Country, Two Systems" Research Centre).

administrative orders, whereas the Hong Kong SAR's chief executive does not possess similar powers.²⁵⁹ Also, as there was some concern for the number of residents of Macao who have 'multi-national, multi-racial, multi-religious practice' characteristics, the Macao Basic Law further regulates that all Macao residents are equal in the eye of the law, whereas, no such article appears in the Hong Kong Basic Law.²⁶⁰ Another major feature of the Macao Basic Law is that, as the gaming industry has long become the economic mainstream in the Macao SAR, the Macao Basic Law confirms the legal status of the gaming industry in Macao and allows the Macao SAR government to promulgate related laws in accordance to Macao's overall interests.²⁶¹

5.4.2 The Constitution and the Macao Basic Law

The connection between the Constitution Law and the *Macao Basic Law* are still contested among the legal scholars and experts, as different viewers tend to have different opinions based on different approaches. Scholar Tiexun Leng argues that there are two typical ways of misinterpreting the relation between the two. One is to see the Basic Law as Constitution Law, and interpret the Basic Law by separating it from the Constitution Law; another is to see the Basic Law as an ordinary law, and ignore its special status.²⁶² Another approach sees the *Macao Basic Law* in some way as possessing the Constitution features. Nevertheless, Scholar Yigeng Wang asserts that both of the Macao and Hong Kong Basic Laws have partial characteristics of the

²⁵⁹ See the *Macao Basic Law* Article 50.

²⁶⁰ See the *Macao Basic Law* Article 25.

²⁶¹ See the *Macao Basic Law* Article 118.

²⁶² Leng, "A Multi-Dimensional Thinking on the Relations between the Consitution Law and Basic Law, [Xinfa Yu Jibenfa Guanxi De Duowei Sikao]."

Constitution. The director of the Macao Post Daily Harald Bruning²⁶³ once wrote that²⁶⁴:

even though the Macao SAR has been limited in a number of ways in terms of writing the Basic Law, however, the Basic Law does have some major functions that the Constitution would have, it includes that, first, at least in the territory of the Macao SAR, the Basic Law main contents and principles are protected, to be immune from possible interventions from the the Macao SAR government; second, citizens' rights of the Macao SAR are protected in the Article III of the Macao Basic Law; third, Article IV regulates the primary institutions of the Macao government, including the administrative department, legislative department, juridical department, municipal and public service departments, and their respective powers and duties, which also matched to the principle of "limited government" in the principle of the Constitution; fourth, Article VIII clarifies the rules of amendments and explanations rights of the Basic Law itself; fifth, the Macao Basic Law clearly regulates the regulations and rules of electing or appointing the government officials, law makers, judges and procurators.

Scholar Tiexun Leng, on the other hand argues that in order to rightfully understand the power of the Constitution in the Macao SAR, we must first understand that the relation between the Constitution and the Macao Basic Law are between "fundamental law" and "common law", and therefore the Macao Basic Law cannot be seen as any kind of "constitution" in the Macao SAR.²⁶⁵ Therefore, on the one hand, the Constitution defines the political and administrative system for the whole nation, while, on the other hand, the Macao Basic Law's "mission" is to regulate the political system

²⁶³ Different observers tend to have different interpretations over the same subject. German origin European Mr. Bruning once said that the main point of "the basic law which is Macao's constitution, in a way, it is not the actual constitution, but something like it, you can say its Macao's most important law." In-person interview with Harald Bruning in Macao in June, 2019.

²⁶⁴ Harald Bruning, "'An Analysis of the Meaning of the Macao Basic Law from the Angle of Political Science", "Cong Zhengzhixue Jiaodu Fenxi Aomen Jibenfa De Zhengti Yiyi", *Macau Magazine*, April 2003.

²⁶⁵ Leng, "A Multi-Dimensional Thinking on the Relations between the Consitution Law and Basic Law, [Xinfa Yu Jibenfa Guanxi De Duowei Sikao]," 12-13.

for the Macao SAR.²⁶⁶ Hence, the Macao Basic Law is compatible with the Constitution Law, as the former directly protects the Constitution to be implemented in the Macao SAR, it is also a legalization of the “One Country, Two Systems” principle in the Macao SAR. When implementing the “One Country, Two Systems” principle, we cannot see the Macao Basic Law as an “ordinary” law, it has an “irreplaceable constitutional status” in implementing the “One Country, Two Systems” and therefore possesses “absolute authority”.²⁶⁷

5.4.3 The Central Government and the Macao SAR Government

Since the NPC gave the political and legal power and permission to establish Special Administrative Region, in this case, the Macao SAR, as a pioneer to exercise the principle of “One Country, Two Systems”, it is vital to fully and rightfully comprehend the relations between the central government and the Macao SAR government. The Macao SAR is operating in accordance to the Macao Basic Law, and the Macao Basic Law’s legal power comes from China’s Constitution. Hence, the power of the Macao SAR comes from the central government, and their related powers in this case are central government’s overall jurisdiction and the Macao SAR government’s autonomous power.

At a Basic Law seminar held in March 2018 at Macao Tower, marking the 25th anniversary of the Macao Basic Law’s promulgation, former Basic Law committee member Xiaoyang Qiao made an important speech regarding the relations between

²⁶⁶ Ibid., 16.

²⁶⁷ Ibid., 13.

China's central government's overall jurisdiction and the Macao SAR's autonomous power. In his speech, he stressed that the "One Country, Two Systems" principle was the important component of Chinese socialism with characteristics. According to Qiao,²⁶⁸ the NPC is the highest institution of power, granting powers of administration, legislation, independent legislation and final adjudication to the Macao SAR Government. The premise of all of this empowerment would be the overall jurisdiction of the central government to the Macao SAR. In others words, Macao's political power depends on its central government on the mainland. Qiao further claims that this should have been the basic rule of relationship between the central government and the local government, in a unitary state system.²⁶⁹

Hence, the fundamental relations between the central government and the Macao SAR government is the matters between central government's overall jurisdiction and Macao's power of autonomy. To be more precise, it is between the sovereignty and the exercise of sovereignty. In terms of how to exercise the power of the local government, in this case, the Macao SAR government, is dependent on the call of China's central government.²⁷⁰ In other words, according to Qiao, the overall jurisdiction of the central government and the Macao SAR power of autonomy are "internally consistent, without contradiction", based on their "same root" origin. Hence, it would be wrong to put them in a confrontational relationship, or apply the

²⁶⁸ Xiaoyang Qiao is the leading expert on Basic Laws for the Macao and Hong Kong SARs.

²⁶⁹ Qiao Xiaoyang, ""The Central Government's Overall Jursdiction and the Macao Sar Autonomy", "Zhongyang Quanmian Guanzhi Quan He Aomen Tebie Gaodu Zizhiquan" (paper presented at the The 25th Anniversary of the Macao Basic Law Promulgation, Macao Tower, 2018).

²⁷⁰ Ibid.

Macao's autonomous power against the central government's overall jurisdiction.²⁷¹ According to Qiao, it is extremely important to understand the true meaning of overall jurisdiction from the central government. Xiaoyang Qiao, who allegedly coined this term around 2010, when he was giving a lecture at the China Academy of Governance, said that, according to the Basic Law, although Macao has been China's territory since ancient times, the Chinese government only started to exercise its sovereignty since December, 1999. Sovereignty includes the right of administration. The Macao Basic Law also rules that the National People's Congress (NPC) has authorized the Macao SAR to operate accordingly, to implement the high degree of autonomy, hence, it gives the Macao SAR the power of administration, legislation, independent jurisdiction and power of final jurisdiction.²⁷²

5.4.4 The Macao Basic Law and the Macao SAR's External Affairs

In accordance to the Macao Basic Law, the Macao SAR's external affairs are stated and legalized at chapter VII and specified at Article 135, Article 136, Article 137, Article 138, Article 139, Article 140, Article 141, and Article 142.²⁷³

Among the *Macao Basic Law* articles, are some directly associated with the Macao SAR's external affairs. For example, Article 136, empowers the Macao SAR to “maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields,

²⁷¹ Ibid.

²⁷² Ibid.

²⁷³ See Appendix I *Macao Basic Law* Article 135, Article 136, Article 137, Article 138, Article 139, Article 140, Article 141, and Article 142.

including the economic, trade, financial and monetary, shipping, communications, tourism, cultural, science and technology, and sports fields,” by using the name Macao, China.²⁷⁴ The Article 137 empowers the Macao SAR to “participate in international organizations or conferences in appropriate fields limited to states and affecting the Region, or may attend in such other capacity as may be permitted by the Central People's Government and the international organizations or conference concerned, and may express their views, using the name ‘Macao, China’”²⁷⁵. While Article 141 allows the Macao SAR to “establish official or semi-official economic and trade missions in foreign countries and shall report the establishment of such missions to the Central People's Government for the record.”²⁷⁶

In the Macao Basic Law, when detailing the relations from outside of Macao, the legal document has carefully chosen the word, ‘external’, rather than ‘foreign’, as ‘foreign’ would exclude Taiwan. This is also why in this thesis, it has applied “external relations” rather than “foreign relations”. In this regard, Brüning underlines that:²⁷⁷

...the interesting part is that in the Macao Basic Law, it does not define ‘external relations’, there is no definition for it in the Macao Basic Law. They use the term external, but they don’t use foreign, which is very important. External relations could mean relations with Hong Kong, Taiwan and in a way ,even the mainland. Because mainland in a way, is also for Macao’s external relations. External relations means outside, but foreign relations would mean very clearly, referring to another country, foreign territories, which of course would not include Taiwan.

²⁷⁴ The *Macao Basic Law* Article 136.

²⁷⁵ The *Macao Basic Law* Article 137.

²⁷⁶ The *Macao Basic Law* Article 141.

²⁷⁷ In-person interview with Harald Brüning in June, 2019 in Macao.

In other words, as we can see, rules of contact of the Macao SAR with other countries and regions have been listed in the *Macao Basic Law*. However, in related articles, the extent, the room or the degree of exercising the Macao SAR's external power have been left undefined. On top of this there is currently only very limited literature to help grasp the overall picture of Macao's external affairs. It was this gap in research which motivated this thesis, in an attempt to provide, an overall picture of the Macao SAR's external affairs, by examining the current external affairs in details, and particularly the extent of the Macao SAR's external affairs, based on the articles listed above.

5.5 Macao SAR's Participation in International Organizations and Treaties

Macao's participation in the international organizations can be traced back to its colonial period by the Portuguese government. When Macao was administered by Portugal, Macao joined many international organizations and associations, and signed and participated in many international conventions with the promotion of the Portuguese government in Lisbon. In 1999, when Macao returned to China's administration, and became a China's special administrative region (SAR), with the implementation of the "One Country, Two Systems" principle and the promulgation of the Macao Basic Law, many previous memberships to the international organizations, associations, as well as validities and applications to international conventions remained, and are still valid and applicable to the Macao SAR, based on the principle of "One Country, Two Systems". Moreover, with authorization from the central government, the Macao SAR is able to seek mutual legal assistance and cooperation from other counties and regions. This section provides four examples to illustrate the Macao SAR's external legal participation on the international level,

namely its participation in the international organizations and associations; the international conventions applicability to Macao; bilateral agreements signed by the Macao SAR government and other countries; as well as the Macao SAR's right to seek mutual legal assistance from foreign countries and regions. More importantly, as afore-discussed, the Macao SAR's power source for its external legal participation are based on the *Macao Basic Law* and the "One Country, Two Systems" principle.

5.5.1 International Organizations & Associations

According to the Macao Basic Law Article 136, it endows the Macao SAR power to "maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural, science and technology, and sports fields,"²⁷⁸ Therefore, the Macao SAR government and related departments and offices are capable of participating in international organizations and conferences separately from the central government, using the name "Macao China", as it is protected by the Macao Basic Law, and followed the spirit of the "One Country, Two Systems" principle.

With the return of Macao to China's administration, following the principle of the "One Country, Two Systems", the Macao SAR is gradually becoming an active player participating in the international organization and conferences. The total number of international organizations and conferences was 51 for Portuguese Macao before 1999,

²⁷⁸ The *Macao Basic Law* Article 136.

while that number has increased to more 110 for the Macao SAR by 2019.²⁷⁹ Apart from the Macao SAR's active role in participating in the international organizations and conferences, the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region (Commissioner's Office) also plays a key role in assisting many Macao government departments to become members of international organizations. For instance, the Commissioner's Office encouraged the Macao SAR's Office for Personal Data Protection to join the Global Privacy Enforcement Network, and helped the Tourist Office participate in the World Tourism Cities Federation. They also aided the Historic Center of Macao's inscription on UNESCO's World Heritage List and the Macao SAR's application for the UNESCO's Creative Cities Network City of Gastronomy.²⁸⁰ In addition, the Commissioner's Office promoted the cooperation between the Macao SAR government and the World Health Organization (WHO).²⁸¹

According to the list of the Macao SAR's participation in international organizations and conferences (See Appendix I)²⁸², the Macao SAR government takes part in three main ways. One way is that the Macao SAR's participates in international organizations as a China's delegation, although limited to sovereign state were authorised by the Central government since some of these memberships had been

²⁷⁹ "Macao Sar's Participation in International Organizations and Conferences," ed. Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region (2019). And see Appendix I, the list of Macao's participation in international organizations and conferences (last update 2019/03).

²⁸⁰ Ibid.

²⁸¹ Ibid.

²⁸² Data gathered from the official website of the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region. (last update 2018/01).

obtained during the Portuguese Macao period and therefore were permitted to continue after Macao's return in 1999. In this form of participation, the Macao SAR joined the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) in 1991, and the World Intellectual Property Organization (WIPO) Standing Committee on Copyright and Related Rights (SCCR) in 2001, also joining the International Monetary Fund (IMF) in 1999 and the World Bank (WB) in 1999, adding a further 14 membership, showing that the Macao SAR currently possesses memberships to a total of 18 international organizations and conferences²⁸³ based on the nature of the membership afore-discussed.

The second type of international organization and conferences' memberships is not restricted to sovereign state, so the Macao SAR participated in the name of "Macao, China".²⁸⁴ By January 2018, the Macao SAR was participating in a total of 23 international organizations and conferences worldwide, becoming a member of the World Trade Organization participating through the Economic Services Bureau (DSE) in 1995, and a member of the Asia/Pacific Group on Money Laundering (APG) participated through the Financial Intelligence Office (GIF) in 2001, and the World Customs Organization (WCO) participating through the Macao Customs Service in 1993.²⁸⁵

Governmental bodies, such as departments, offices and bureaus' participation in the worldwide non-governmental organizations (NGO) with their perspective

²⁸³ See Appendix I.

²⁸⁴ See Appendix I.

²⁸⁵ See Appendix I.

memberships is the third way in which the Macao SAR can participate . By January 2018, the Macao SAR has received a total of 70 NGOs memberships. For example, the Office for Personal Data Protection (GPDP) of the the Macao SAR government joined both the Global Privacy Enforcement Network (GPEN) and the Asia Pacific Privacy Auhotities (APPA) in 2012 then joined the Internaiotnal Conference of Protection and Privacy Commissioners in 2008; also the Macao Foundation became a diamond member of Boao Forum for Asia in 2001; and the Statistics and Census Service joined the Internaitonal Statistical Institute (ISI) in 1990 then joined the Internaitonal Asscoation for Official Statitics (IAOS) in 1998 and became a member to the Internaitonal Association of Survey Statisticians (IASS) in 1990.²⁸⁶ Once again, those pariticipations in the NGOs before 1999, were remained based on the “One Country, Two Systems” principle.

5.5.2 International Conventions

The application of international conventions to the Macao SAR has been stipulated in Article 138 of the Macao Basic Law as the following:

The application to the Macao Special Administrative Region of international agreements to which the People's Republic of China is a member or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances and needs of the Region, and after seeking the views of the government of the Region.

International agreements to which the People's Republic of China is not a party but which are implemented in Macao may continue to be implemented in the Macao Special Administrative Region. The Central People's Government shall, as necessary, authorize or assist

²⁸⁶ See Appendix I.

the government of the Region to make appropriate arrangements for the application to the Region of other relevant international agreements.

We can see that the applications of international conventions to the Macao SAR must be authorized by the central government. The application is divided into two elements, one for new international conventions, which is to be determined by the central government in regarding its applicability, based on the Macao's SAR's needs and other circumstances. Another type of application existed before the establishment of the Macao SAR, therefore the central government allowed the Macao SAR to continue to implement these international conventions, but the central government reserves the right to make appropriate arrangements when necessary.²⁸⁷ In other words, the Macao Basic Law provides guidance for the Macao SAR to deal with issues concerning the international conventions' application in the Macao SAR.

Such arrangement arose from the agreements based on the discussion from the Sino-Portuguese Joint Liaison Group, where both sides held consultations and reached agreements over the "continued application of relevant international conventions after the handover".²⁸⁸ As of 20th December 1999, 156 international conventions remained to be implemented in the newly established the Macao SAR. Over the 20 years, the central government via the Commissioner's Office, made decisions based on the needs of the Macao SAR and strictly followed the Macao Basic Law, and therefore

²⁸⁷ See *Macao Basic Law* Article 138.

²⁸⁸ "Summary on the Application of International Conventions to the Macao Sar," ed. Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region (2019).

guided the Macao SAR's consideration over the new international conventions. On the other hand, the Macao SAR government has also initiated proposals to the central government by requesting application of relevant international conventions to the Macao SAR.²⁸⁹ By 31st December 2018, the Commissioner's Office has dealt with over 600 applications of international conventions to the Macao SAR: eventually 450 conventions have been applied to the Macao SAR.²⁹⁰

5.5.3 Bilateral Agreements & Mutual Legal Assistance

Apart from membership to international organizations and associations, and the application of international conventions to the Macao SAR, the Macao SAR has also signed many bilateral agreements with foreign countries and regions. According to Article 136 of the Macao Basic Law, the Macao SAR may on its own, "negotiate and conclude agreements with the states and regions concerned in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural, science and technology, and sports fields".²⁹¹ This provides the Macao SAR with three ways to deal with bilateral agreements, which are all based on the authorization of the central government. The first type is the authorization of negotiation. For example, the Macao SAR could negotiate agreements in air services fields, visa abolition and many other fields of legal practices. By 31st December 2018, the Commissioner's Office has completed procedures concerning authorizing the Macao SAR to negotiate the following agreements²⁹²:

²⁸⁹ Ibid.

²⁹⁰ Ibid.

²⁹¹ See Appendix *Macao Basic Law* Article 136.

²⁹² "Summary on the Conclusion of Bilateral Agreements by the Macao Sar," ed. Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region (2019).

[O]n air service with 46 countries including Czech Republic, U.K., on mutual judicial assistance with 11 countries including Portugal, East Timor, on protection and encouragement of investments with 3 countries including Portugal, the Netherlands, and on exchange of information on tax matters or the avoidance of double taxation with 42 countries including U.K., Japan.

The second way in which they could deal with bilateral agreements is the central government's authorization to conclude agreements. Up to December 31st 2018, the Commissioner's Office has finished procedures concerning the authorization to the Macao SAR to conclude the following agreements²⁹³:

[O]n air services with 19 countries including Pakistan, Japan, on mutual judicial assistance with 5 countries including Portugal, East Timor, Cape Verde, Mongolia, and Nigeria, on protection and encouragement of investments with Portugal and the Netherlands, as well as on exchange of information on tax matters or avoidance of double taxation with 24 countries including the Kingdom of Denmark and Australia.

The authorization of amendment is the third way in which bilateral agreements can be formed. Up to December 31st 2018, the Commissioner's Office has finished procedures concerning the authorization to the Macao SAR to conclude the following amendment to the existing agreements²⁹⁴:

[O]n air services with 7 countries and regions including Singapore, the Kingdom of Thailand and EU, on avoidance of double taxation with the Kingdom of Belgium and Portugal.

²⁹³ Agreements in details see Appendix II.

²⁹⁴ "Summary on the Conclusion of Bilateral Agreements by the Macao Sar."

Furthermore, by the authorization from the central government, according to the Macao Basic Law Article 94:

With the assistance or authorization of the Central People's Government, the Macao Special Administrative Region may make appropriate arrangements with foreign states for reciprocal judicial assistance.

In order to ensure that the Macao SAR will not prejudice the fundamental interests of state sovereignty, security and public order, the notification procedure for the handling of mutual legal assistance cases with foreign states by the Macao SAR was established, namely the Law on Procedure relating to Notification of Request for Judicial Assistance (No.3/2002) of the Macao SAR, promulgated in 2002. According to the Commissioner's Office website, by 31st December 2018, the Macao SAR government had made 661 notification requests of judicial assistance to the central government through the Commissioner's Office, "covering service of judicial documents and taking of evidence in both civil and criminal matters, as well as recognition and enforcement of foreign judgments".²⁹⁵ The Commissioner's Office on the other hand, had also been actively offering assistance to the Macao SAR in cooperating with foreign countries on legal assistance, including transmitting requests via diplomatic channel for the Macao SAR.²⁹⁶

²⁹⁵ "Summary on Mutual Legal Assistance of the Macao Sar," ed. Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region (2019).

²⁹⁶ Ibid.

5.6 Summary

In summary, since the Macao SAR's establishment it has received full support from the central government, the Macao SAR government has also been upholding the principle of "One Country, Two Systems", whose superiority framework has contributed to the economic prosperity and substantial development of the Macao SAR. The NPC promulgated the Macao Basic Law in 1993 providing a legal and institutional framework for the "One Country, Two Systems" principle to be implemented in the Macao SAR. The NPC's action was in accordance to and based on the Constitution. Therefore, the Macao Basic Law and the "One Country, Two Systems" have been providing a working guidance to the Macao SAR's external affairs through legal means.

In this chapter, it argues that the "One Country, Two Systems" principle and the Macao Basic Law are acting as the legal foundations for Macao as a subnational government to engage with its external affairs. This also gives some special characteristics to the Macao SAR to distinguish itself from other notable subnational governments in the world, as well as other China's subnational governments on the mainland. On the other hand, the principle of "One Country, Two Systems" and the Macao Basic Law are the fundamental power source for Macao's external affairs, while also being a political, administrative, and economic foundation for Macao's other fields of external affairs.

Following the Macao Basic Law and the "One Country, Two Systems" principle, the Commissioner's Office plays an assisting role, by providing "guidance, support and

facilitation” for the the Macao SAR government to participate in the international organizations and conferences, and to hold related activities and events on the international level.²⁹⁷ On the other hand however, Macao’s authorization in legal external affairs enjoy less autonomy as discussed in the examples of Macao’s external legal practises, such as memberships to international organizations, agreement to international conventions, as well as practices of mutual legal assistancen: all of these would need to be authorized and permitted by the Commissioner’s Office and to be implemented through central government’s diplomatic channels. This was perhaps due to the nature of the law which requires prudence and could very often involve issues related to national sovereignty and security. Nevertheless, by using the name “Macao, China” to differentiate itself from almost any other province and municipalities on the mainland, the Macao SAR does enjoy a high level of autonomy when participating in certain international organizations. Furthermore, the “One Country, Two Systems” principle provides legal means of convivence, as Macao’s current legal system shares similarities with PSCs like Portugal and Brazil. Such consistency of legal system and legal structure would have created legal convivence which would smooth the cooperation among China, the PSCs and Macao.

²⁹⁷ "Macao Sar's Participation in International Organizations and Conferences."

Chapter 6 Political Affairs

6.1 Introduction

Political issues are often seen as the foremost important aspect of one state's governance as without a stable political and security status, it would be difficult for one state to develop its economy, never mind any other aspect, such as trade, commercial activities or cultural exchanges. These aforementioned aspects of the Macao SAR's external affairs including its legal, economic and cultural aspects will be analyzed in the following chapters. This chapter will focus on an analysis of the Macao SAR's political external affairs, since the establishment of the Macao Special Administrative Region in 1999. It intends to introduce two main components related to the Macao SAR's political external affairs, namely the Macao SAR's role in the cross-strait relations and the US's influence to Macao, in order to examine how Macao has exercised its power of autonomy in terms of its political external affairs to make contact with Taiwan, while also looking at the role Macao is playing in the cross-strait relations with the Macao SAR as one of China's special administrative regions. The other case to consider is the US's impact to Macao, especially with the on-going trade war between China and the United States, given the fact that the three U.S. invested American casinos in Macao are facing expiration of gaming license in 2022, as well as the incident of the Banco Delta Asia (BDA) Money Laundering which took place more than ten years ago. It will also examine Macao's role in Sino-US relations.

Political affairs are more sensitive compared to other dimensions of external affairs, as a result, the Macao SAR's political external affairs enjoy a relatively lower degree

of autonomous power. According to the Macao Basic Law, the central government is responsible for Macao's diplomatic and defense affairs, which leaves little room for the Macao SAR to act in these respective fields. However, Macao's relations with Taiwan, and the US's impact on Macao are not considered as diplomatic or defense issues. At least on the current stage. This gives some room for the Macao SAR to act based on Macao's high autonomous power, which could directly and indirectly make contributions to China's diplomacy or external relations through flanks. The Macao SAR can still play a role in the two cases aforementioned. So far, they have been seen as important cases for the Macao SAR's political external affairs. The reason for selecting Taiwan as Macao's political external affairs is that, the issue of Taiwan is China's domestic affairs, but it is also considered as the Macao SAR's external affairs and not yet as foreign affairs. The interaction between Macao and Taiwan has been ongoing since 1999, and politically speaking, in terms of Macao's external political affairs, Macao is seen as a successful model of the "One Country, Two Systems" principle²⁹⁸, which could be studied and used as a reference for Taiwan when China's national reunification is achieved in the future. In other words, this chapter argues that, in terms of the Macao SAR's relation with Taiwan, the higher level of contact is the reference of the "One Country, Two Systems" principle for Taiwan to observe, while the lower level is the economic connections including trade and investment, as well as their cultural ties and people-to-people exchanges where the Fujianese' minnan culture play a main role.

²⁹⁸ Mendes et al.

6.2 Background

Political affairs play a cornerstone role for China's administration and operation for the special administrative regions, in this case, not only for the Macao SAR, but also its counterpart, the Hong Kong SAR. The essence of the special administrative region is to practice the "One Country, Two System" principle, in other words, to peacefully and smoothly run capitalism under the framework of a socialist society. Based on the sensitivity of politics, political affairs are given higher importance, as they are the direct product of a society's stability and foundation for prosperity.

When looking at political affairs, Macao and Taiwan have had close relations throughout history. In fact, the relation between the two has been a special one, since the establishment of People's Republic of China in 1949, when Taiwan or the KMT gradually withdrew its influences from Macao under the pressure of the new Chinese government of the mainland. Since the establishment of the People's Republic of China (PRC) in 1949, as a result of work carried out by Chinese elites through diplomatic means, gradually Macao and Hong Kong were returned to China's administration and became China's sovereign in 1999 and 1997 respectively. The model of "One Country, Two Systems" was originally built as a model of how socialist China could cope with a capitalist system. Macao and Hong Kong were therefore acting as examples in their 50 years of institutional experiment. This 'experiment' was also an attempt to represent, for Taiwan, a model for the day of Taiwan's return to the mainland China. For Macao, the relations with Taiwan was not new, as speaking from an historical perspective.

On the other hand, historically, Macao's role in the relations between China and US has been insignificant although it faces big changes for the Macao SAR as a result of the on-going trade war between China and the United States. With the increasing level of tensions between the two countries, the role of Macao here has become more important than ever before, as there are three U.S. funded American gaming companies operating in Macao, whose license of gaming will expire in the upcoming years. How the Macao SAR government, as well as the central government react to these license' renewal would become an important question. The selection of these two major components (Taiwan and US) are based on their similarities to the Macao SAR's political external affair, as they share great similarities in the degree of autonomous power and governmental institutions that are connected to the issues here, which will be explained in details in the following sections.

6.3 Political External Affairs Framework

6.3.1 Legal Framework

The framework of the Macao SAR's political external affairs shall be differentiated from other fields of external affairs such as affairs in the economic and cultural sectors, as based on the sensitivity nature of the former, the central government shows a stronger sense of control and a higher level of mandate over the Macao SAR in the subject. In terms of political external affairs, Macao enjoys a lesser degree of autonomy than other types of external affairs, as it is written in the Macao Basic Law in this regard (Article 13), however, it has been exercised in a lesser degree. For

political affairs and security related issues, the central government has a direct and obvious impact over the Macao SAR government.

As we know, according to Macao Basic Law, the Macao SAR enjoys a high degree of autonomy, except in the affairs of defense and diplomacy, which is the responsibility of the central government. However, there are still a number of external political issues related to Macao, which are not viewed as diplomatic or defense affairs. Macao however could still play a role in terms of the Macao's external affairs, including the affairs related to political aspect, as well as the diplomatic and defense elements of the Macao SAR, which have been defined in the Macao Basic Law. According to the Macao Basic Law Articles 12&13&14²⁹⁹ states that:

Article 12 The Macao Special Administrative Region shall be a local administrative region of the People's Republic of China, which shall enjoy a high degree of autonomy and come directly under the Central People's Government.

Article 13 The Central People's Government shall be responsible for the foreign affairs relating to the Macao Special Administrative Region. The Ministry of Foreign Affairs of the People's Republic of China shall establish an office in Macao to deal with foreign affairs. The Central People's Government authorizes the Macao Special Administrative Region to conduct relevant external affairs on its own in accordance with this Law.

Article 14 The Central People's Government shall be responsible for the defense of the Macao Special Administrative Region. The

²⁹⁹ The defense of Macao is a responsibility of the central government, to this regard, Macao has a PLA garrison in Taipa barrack, troops are recruited and dispatched from the mainland. The PLA garrison acts as a protector of Macao, the super typhoon "Hato" directly hit Macao in 2017, which caused massive destruction of the local facilities and infrastructure, and people's livelihood was severely damaged due to food, power and water shortage. The central government dispatched the PLA troops stationed in the Taipa barrack into the city upon received the Macao SAR's government request, the PLA troops provided great help in rescuing the city, and fastened the speed of post-disaster relief. The PLA barrack opens to the public on an occasional basis, to show the public the life of PLA inside of its barrack campus.

Government of the Macao Special Administrative Region shall be responsible for the maintenance of public order in the Region.

Therefore, the Macao SAR's "high degree of autonomy" comes from the Article 12 in the Macao Basic Law, where power was given by the central government. In addition, the defense of Macao is subject to the central government, although the Macao SAR government is responsible for maintaining local public order, based on Article 14. Furthermore, the foreign affairs of the Macao SAR are subject to the central government which has been defined in Article 13, since this involves diplomatic matters, and more importantly, the sovereignty. In this matter, Macao is a region of China, and China has sovereignty over Macao, so when it is a matter of sovereignty, the central government takes control over the Macao SAR.

The key to the Macao SAR's external affairs, including the most sensitive political affairs have been guided in the Article 13 in the *Macao Basic Law* by the central government. According to Article 13 of the Macao Basic Law, the central government has authorized that Macao SAR can conduct "relevant external affairs" with the premise not to work against the central government's intention. The terms of "relevant external affairs" are vital to the Macao's SAR external affairs, as they give room for further development, and of course, there are principles which are applied to this regard as premise. According to an interview with Prof. Lok Wai Kin, in terms of the inter-relations between the Macao Basic Law and Macao's external affairs, he said³⁰⁰

³⁰⁰ In-person interview with Prof. Lok Wai Kin in May, 2019 in Macao. Prof. Lok is a professor in Constitution Law and Basic Law at the University of Macao. Prof. Lok is a former deputy director-general of the Hong Kong and Macao Affairs Office of the State Council. He was also a representative of the liaison group to the Sino-

that:

When China was adopting the “One Country, Two Systems” principle, based on the regulation in the Macao Basic Law, the term was applied as external affairs. And there are two basic principles, the first is that, Macao conducts its external affairs only following the nation’s diplomatic policies, this is a big premise, Macao’s external affairs cannot be conflictual with the nation’s diplomatic policies, the reason is Macao is a part of China, even though Macao enjoys high degree of autonomy, Macao still needs to match this premise for conducting its external activities; the second principle has also been expressed in the Macao Basic Law, it is called the ‘relevant external affairs’, which regulates the boundaries of Macao’s external affairs, it means that Macao can only conduct ‘relevant external affairs’, and not otherwise. In the Macao Basic Law, the ‘relevant external affairs’ were listed with examples but not being very specific, because it is impossible to list everything. The common areas of ‘relevant external affairs’ are economic and trade activities and cultural sectors in the Article 136.

Following these two principles, when the Macao SAR conducts its external affairs, though it has high autonomous power in this regard, it does not however mean the Macao SAR could keep the central government uninformed. In this regard, Prof. Lok said³⁰¹ that:

The Macao SAR’s economic and trade activities and cultural exchanges do not the central government’s authorization, as it has been written in Article 13, based on Article 13, the Macao SAR can deal its external affairs on its own, but it does not mean the Macao SAR does not need to communicate with the central government. The autonomous power in here means that the Macao SAR has the power, to participate international organization, conferences, and signing international treaties in the name of “Macao, China”, but before doing so, the Macao SAR government would need to communication with the central government.

Therefore, for the Macao SAR, its external affairs have been defined in the Chapter

Portugal negotiation over Macao issue, and a member of the *Macao Basic Law* drafting committee.

³⁰¹ In-person with Prof. Lok Wai Kin in May, 2019 in Macao.

VII Article 136 in the Macao Basic Law as the following:³⁰²

Article 136 The Macao Special Administrative Region may on its own, using the name "Macao, China," maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural, science and technology, and sports fields.

From here we can see that the Macao SAR has great autonomous power in conducting its external affairs in economic, business, cultural, science and technology and sports sectors. On the other hand, the power for external political affairs that the central government has entitled to Macao government in the fields of political affairs would have been limited according to the Macao Basic Law, as diplomacy and defense are the subjects of the central government. However, the key to the Macao SAR's political external affairs is not to get itself involved in matters of China's sovereignty. This means that Macao cannot join certain international organizations which requires sovereign state as membership, although, Macao could join to international organizations which do not require sovereign state as membership. In any case, when Macao decides to join an international organization, the Macao SAR government should also inform the central government or its commissioner's office of the Ministry of Foreign affairs in Macao and usually the latter would provide advice and guidance to the former.³⁰³

Therefore, in this chapter it argues that with regards to the Macao SAR external affairs,

³⁰² *Macao Basic Law 1993.*

³⁰³ In-person interview with Prof. Lok in May, 2019 in Macao.

in the areas of external political affairs, Macao enjoys a relatively low degree of autonomy, as these areas are primarily directly controlled by the central government. However, the Macao SAR government could still play a role in political affairs that are non-diplomatic or non-sovereign related issue, once it has informed and discussed with the central government. For the framework of the Macao SAR's political external affairs, the central government would have more direct political mandates than other types of external affairs. As for political affairs, Macao cannot participate in anything related to diplomatic or defense affairs. If we compare the theories of subnational government in international politics, for political and security concerns, it would be closer to state-centric theory, as the central government plays the exclusive role in Macao's diplomatic and defense affairs. Other political related external affairs would leave room for the Macao SAR to exercise its autonomous power if it is non-sovereign related issue, although consultation with the central government would be required before proceeding

6.3.2 Institutional Framework

As the Macao SAR had only limited authority from central government for exercising its political external affairs, it did not have a specific institution for supporting a new security law promulgated in the mainland, until recently. The Commission for the Defense of State Security of the Macao Special Administrative Region under the leadership of the Chief Executive Fernando Chui Sai On was established in 2018. The new governmental body is commissioned to give support to the Chief Executive of the Macao SAR in decision-making on the affairs related to the protection of the State affairs. The Commission also has the following duties: to coordinate the work of the

Macao SAR in order to safeguard the national sovereignty, security and development interests of the state, by studying and implementing relevant arrangements and relevant instructions and requirements which the Chief Executive may order; to analyze and decide the situation of the Macao SAR concerning national security and social stability, while planning relevant work and providing opinions and suggestions; to assist in the formulation of the Macao SAR to maintain the national security policy; to coordinate the promotion of the legal system related to national security in the Macao SAR; and finally to coordinate the handling of the other matters related to national security affairs in the Macao SAR.³⁰⁴

The Commission for the Defense of State Security of the Macao SAR is currently the only central agency of its kind, in the Macao SAR government for dealing with affairs that are related to the country's security issues. Apart from the Chief Executive, the members of the commission also comprises of the Macao SAR government key bureaus and departments' high ranking officials and senior consultants, such as from the Secretariat for Administration and Justice; Secretariat for Security; Legal Affairs Bureau; Judiciary Police; and Unitary Police Service.³⁰⁵ There are two main reasons for establishing the Commission for the Defense of State Security of the Macao SAR. One reason is that there has never been any official governmental entity in charge of protecting the country's security affairs at the Macao SAR regional level. Another reason is because the move was to follow and to assist the implementation of the State Security Law of People's Republic of China (Zhonghua Renmin Gonghe Guo Guojia

³⁰⁴ "Commission for the Defense of State Security of the Macao Special Administrative Region, [Aomen Tebie Xingzhengqu Weihu Guojia Anquan Weiyuanhui]," (Macao SAR, China: Macao SAR Government 2018).

³⁰⁵ Ibid.

Anquan Fa) of 2015, the Article 40 states that, Hong Kong and Macao SARs have the obligations of implementing the responsibilities of protecting the state's security. (Xianggang tebie xingzhengqu, Aomen tebie xingzhengqu, yinggang lvxing wei hu guojia anquan de zeren).³⁰⁶ Though the institution of state security was only established in 2018, its move has not been dramatic. So far, the commission has organized an annual State Security Education Exhibition in Macao in 2018 and this year. The State Security Education Exhibition was to promote the patriotism among the local residents, and taught them that state security was the "important foundation" of a "stable and prospers society".³⁰⁷ Therefore, even though the Commission is a newly established government entity by the Macao SAR, it is the most direct governmental agency in the Macao SAR that directly associates with the country's state security affairs. Perhaps in the future, the Commission would make more direct moves for safeguarding the country's political and security issues, while more mandates would be hailed from the central government when the latter sees fit.

The following sections will discuss two typical components of the Macao SAR's external political affairs after its return to the motherland in 1999. The two components are Macao's role in the cross-strait relations with Taiwan, and the US's influence to Macao, respectively. One important premise that has been discussed previously, is that Macao could participate in these areas of political external affairs because they are not diplomatic issue or sovereign matter related, which give room to the Macao SAR to conduct its external political affairs.

³⁰⁶ "The State Security Law of People's Republic of China ", (The National People's Congress of the People's Republic of China, 2015).

³⁰⁷ "State Security Education Exhibition, [Guojia Anquan Jiaoyu Zhan]," Macao SAR Government, <https://www.gov.mo/zh-hant/promotions/281542/>.

6.4 Macao's Role in Cross-Strait Relations with Taiwan

6.4.1 Macao's Historical Relations with Taiwan

Macao and Taiwan have one thing in common, that is, they have been part of the Chinese territory since ancient times. Macao was taken over by the colonial Portuguese government for more than 400 years, while Taiwan was also known as Formosa, which came from the Portuguese name of "Ilha Formosa", literally meaning "Beautiful Island". Allegedly the Portuguese sailors in 1542 found an uncharted island on their own maps and named it *Ilha Formosa*, which eventually replaced all other names linked to Taiwan which existed in the European literature. Even today the name of Formosa is still being used as names for some alcoholic beverage to remind the Europeans the exotic culture and feelings of the place.

Taiwan itself on the other hand, was taken first by the Dutch in 1624 and then by the Japanese in 1895: Japan forced the Qing dynasty government to sign the *Treaty of Shimonoseki* (Ma Guan Tiao Yue) and therefore occupied Taiwan for many decades. Although Taiwan was ruled by multiple colonial powers, Portugal and the Netherlands were two nations that played a major role in shaping the relations and contacts between Macao and Taiwan. For during this time of worldwide colonial era from the 1600s, Portugal, Spain, UK and the Netherland were competing over their overseas colonial territories. Having established the *East Indian Company*, and having a strong naval force, the Dutch started to challenge the Portuguese's status of colonial power in the South East Asia. In 1619, the Dutch took Jakarta of today's Indonesia, while, in 1641 the Dutch defeated the Portuguese in Malacca of Malaysia. Then, in 1658 the Dutch took over the Portuguese colony in Ceylon, which in 1815 became a British Crown

colony. A series of battles and conflicts between the Dutch and the Portuguese led to the defeats of the Portuguese and forced them to retreat to Macao, a tiny Chinese enclave located on its southern coast line. However, the Dutch could see that Macao was also very important as a trading route in East Asia during this period as it was a standing point for commercial activities with China, and a transferring point for merchants to Japan. Therefore, the battle between the Dutch and Portugal over Macao continued for years.³⁰⁸

The Dutch made several attempts to take over Macao from the hands of the Portuguese in the 1600s. To this end the biggest battle ever fought between the two nations took place in the May of 1622, but the Portuguese had the advantage of holding Macao, and with the support of Ming dynasty government, the Portuguese eventually won the battle. The defeat of the Dutch in battling with the Portuguese over the occupation of Macao perhaps changed the wheel of history, as afterward the Dutch shifted their conspiracy to occupy Taiwan instead of Macao.³⁰⁹ Therefore, although both Macao and Taiwan had been taken over by foreign colonial powers and both of them were Chinese territories since the ancient times, the relations between the two places had not changed much until the Second World War in the 1940s, with China's total war against the Japanese invader.

6.4.2 KMT's Presence in Macao

³⁰⁸ Wangqi Liu, *A Brief History on Macao and Taiwan Relations, [Aomen Taiwan Guanxi Jianshi]* (Macao SAR: Zhong Hua Wen Hua Jiao Liu Xie Hui, 2014), 10.

³⁰⁹ *Ibid.*, 10-11.

In December 1941, the nationalist government (Kuomintang, also known as KMT) released China's war declaration on Japan and abolished the contents, agreements, and contracts mentioned in the *Treaty of Shimonoseki*. Further, the KMT was determined to recover Taiwan, which had been taken over by the Japanese since 1895.³¹⁰ In 1945, Japan was defeated in the Second World War, on 25th October in the same year, the KMT government recovered Taiwan and Penghu and continued to exercise sovereignty over Taiwan.

The Civil War of China from 1945 to 1949 resulted in the KMT's defeat and retreated to Taiwan, which started confrontations across the Taiwan strait between the CCP on the mainland and the KMT on Taiwan. On 25th October 1975, the United Nations (UN) recognized the People of Republic of China (PRC), and removed Chiang Kai-shek's KMT government from the United Nations. From that point, even though Taiwan continued to use the Republic of China name, as a government which has been overthrown from the mainland after the Chinese Civil War in 1949, it had no power to represent China or to exercise the national sovereignty, rather, it is seen as a local government on the Chinese territory.³¹¹ Nonetheless, these do not change the historical fact that Taiwan belongs to China, and fundamentally speaking, the nature of the relations between Macao and Taiwan are the relations between region to region of China.³¹²

³¹⁰ Xu Chongde and Zhu Songling, *The Study on the Macao and Taiwan Relations Development, [Aomen Yu Taiwan Guanxi Fazhan Yanjiu]*, "One Country, Two Systems" Study (Macao SAR: Macao Polytechnic Institute, "One Country, Two Systems" Research Centre, 2010), 7.

³¹¹ *Ibid.*, 8.

³¹² *Ibid.*

Before the Japanese's defeat in the Second World War, the KMT government did not have official presence in Macao until the victory of the Second World War.³¹³ In September 1945, the nationalist government sent Renze Qu to Macao to establish an official division. Later in October, high-rank officials from the KMT government Shaowu Liu and Huichang Zhang began an anti-Portuguese occupation protest in Macao and criticized the Portuguese Macao government for providing shelter to Japanese war criminals. The protest was supported by the KMT's division in Macao. The Portuguese Macao government took measures to close the Barrier Gate, forbidding the residents' assembly and putting pressure on the protest.³¹⁴ The KMT Army General Fakui Zhang ordered troops to be station in Qianshan, Zhuhai. He cut the food supply to Macao and exercised military drill next to Macao. This series of moves forced the Portuguese Macao government to compromise and they sent letters to the KMT government in Guangzhou expressing a willingness to hand over the Japanese war criminals while promising that the Chinese residents would have the absolute right of assembly and the right to protest. More importantly they allowed the KMT's official body to exercise activities and admitted their presence in Macao.³¹⁵

After the KMT's defeat in the Civil War in 1949, the People's Republic of China (PRC) became the dominant and legit government while the KMT government retreated to Taiwan, and became a regional government of China, commonly known as the Taiwan government. To the KMT in Taiwan, Macao from then on gradually became a place infiltrated by KMT intelligence personnel, and a KMT's frontline for "taking back the

³¹³ Liu, 193.

³¹⁴ Ibid.

³¹⁵ Ibid.

mainland”.³¹⁶ In 1950, the UK established diplomatic relations with the People’s Republic of China, and closed the diplomatic office in Hong Kong which had been opened by the KMT government. The KMT government then moved the office and its personnel to Macao and established a related diplomatic office.³¹⁷ By the 1960s, with strengthening power, the mainland’s government began to play more roles in Macao. In 1964, a KMT intelligence official Yiming Cheng left Macao for Guangzhou and surrendered himself to the mainland’s government which led to the works of the KMT’s intelligence personnel in Macao being compromised.³¹⁸ When Beijing put pressure on the Portuguese Macao government in 1965, the latter closed the diplomatic office in Macao established by the KMT government from Taiwan.³¹⁹ Even though the KMT’s power in Macao became smaller and smaller, the “12.3 Incident” marked an official closure of the KMT’s government presence in Macao. The Portuguese Macao government banned the KMT’s activities to ease the case for the mainland.

On 15th November, 1966, the building of a Pro-Beijing elementary school was obstructed by the local Portuguese police who stated that its construction was not properly licensed. However, building work continued anyway resulting in confrontation between the Chinese residents and the colonial police force. The confrontation gradually escalated into a major conflict which resulted in 24 residents being injured. From the 3rd to 5th December in the same year, the Portuguese Macao government decided to repress the incident by sending in military troops and police forces, causing 8 deaths, 212 wounded and 62 arrested. This was later known as the

³¹⁶ Ibid., 194.

³¹⁷ Ibid.

³¹⁸ Ibid.

³¹⁹ Ibid., 198.

“12.3 Incident” although the Portuguese media tended to described it as the “12.3 Riot”.³²⁰

After the “12.3 incident” occurred, the CCP’s Guangdong provincial government put pressure on the Portuguese Macao government to accept the residents’ reasonable demands in constructing the elementary school; apologies to the Chinese residents; punish the perpetrator; and more importantly promise to disallow any activities to be conducted by the remaining KMT members in Macao.³²¹ Under pressure from the mainland, the Portuguese Macao government had accepted the demands mentioned above. As a result of the “12.3 Incident”, the Portuguese Macao government was compromised to the central government with the latter gaining superior influence in Macao society. Also, as a consequence of the incident, the KMT’s activities and presence were officially banned by the Portuguese Macao government under the pressure by the central government on the mainland.

6.4.3 UN 2578 Resolution and Macao

The Chinese Communist Party (CCP) began to increase its power in the world after 1949, with the establishment of the People’s Republic of China. It eventually triggered the United Nations General Assembly Resolution 2758, in response to the United Nations General Assembly Resolution 1668 which regulated that any changes of China’s representation in the UN must be determined by a two-thirds vote by the UN’s member states with reference to Article 18 of the UN Charter. The Resolution 2758

³²⁰ Ibid., 199.

³²¹ Ibid., 199-201.

was passed on October 25th 1971, when 76 member states voted in favor and 35 member states voted against, with 17 member states abstained. The result recognized the People's Republic of China (PRC) as "the only legitimate representative of China to the United Nations" and so the representatives from Republic of China were removed from the United Nations.³²² On 25th October 1971, Portugal in this case, similar to most of the other European states, also voted in favor of acknowledging the People's Republic of China a seat in the United Nations. The chart below shows the result of the United Nations General Assembly Resolution 2578 with voting results of the UN member states in the world.

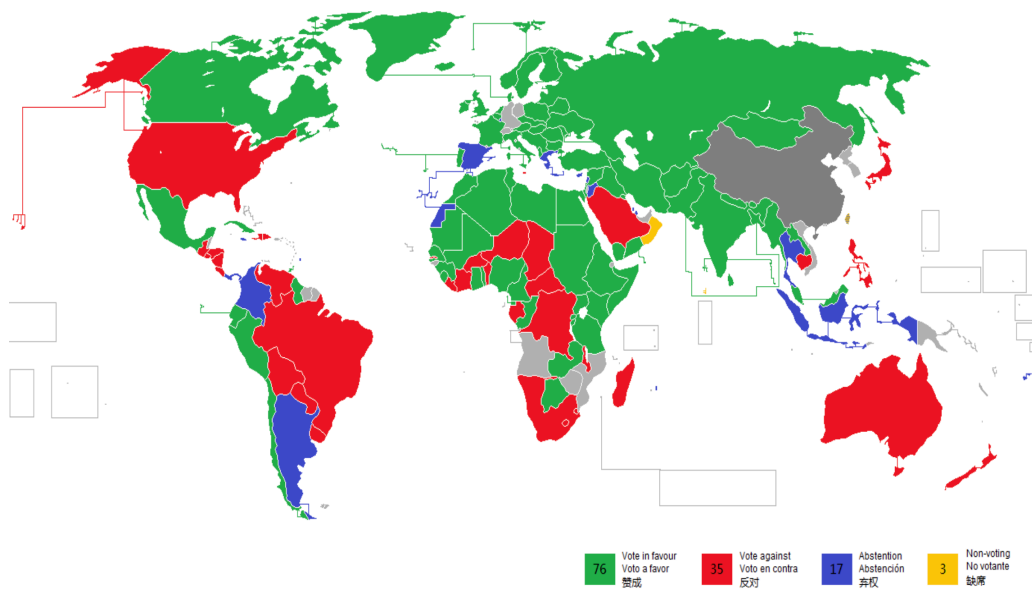


Figure 2 United Nations General Assembly Resolution 2758

³²² United Nations General Assembly Session 26 Resoluti on 2758. Restoration of the lawful rights of the People's Republic of China in the United Nations A/RES/2758(XXVI) page 1. 25 October 1971. Webpage: [http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/2758\(XXVI\)](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/2758(XXVI)) Last accessed on 10th Dec, 2018.

This UN 2578 Resolution has not only given the People's Republic of China (PRC) a legitimate seat in the UN, but also affected the status of Macao and Hong Kong before their return to the motherland from their former respective colonial powers. After the UN General Assembly Resolution 2758 was passed and the People of Republic of China gained a seat in the UN, PRC's former foreign minister Huang Hua achieved the outcome from the UN Special Committee on Decolonization in having Macao and Hong Kong removed from its list of colonies in the world. China preferred bilateral negotiations to be held with Portugal and the United Kingdom over Macao and Hong Kong issues respectively viewing the latter two as returned China's territory, rather than as an outcome of former colonies declared independence from their former colonial powers.³²³ Three years later, in 1974, the right-wing government of Portugal was overthrown after the Carnation Revolution. Within a year, the government of the Republic of Portugal withdrew troops from Macao and turned diplomatic recognition to the People's Republic of China instead of Republic of China. Thereafter the PRC and Portugal began a series of negotiations over the Macao issue and sought for a smooth path for its return to the motherland. This thesis argues that all of these chains of events eventually led to the agenda of Sino-Portuguese Joint Declaration set on the table and made the return of Macao to the motherland possible in 1999.

6.4.4 Macao's Role in Cross-Straits Relations--Policies from both sides

6.4.4.1 Qian's Seven Points

³²³ Wong Joshua and Ngo Jeffrey, "How China Stripped Hong Kong of Its Right to Self-Determination in 1972 – and Distorted History," *Hong Kong Free Press*, 8th November 2016. Also see Mendes, "The Implications of the Special Administrative Regions for the Internaitonal System: Macao as a Successful Case Study," 215-16.

Qian Qichen was a famous Chinese diplomat and politician, who served as China's foreign minister from 1988 to 1998, and as vice premier from 1993 to 2003. During the early part of 1999, on a regular meeting of the Macao SAR's preparation committee, regarding the relations between the Macao SAR and Taiwan after 1999, Qian made an important speech and clarified seven points to establish the principal foundation for the relations between Macao and Taiwan. Later known as the "Qian's seven points" (Qian Qi Tiao). There is also a parallel Qian's seven points regarding the relations between Hong Kong and Taiwan after 1997. Later on both Qian's seven points became the guiding rules for the Macao and Hong Kong SARs to interact and maintaining relations with Taiwan. The following discussion primarily focuses on Qian's seven points on Macao side.

Qian's seven points cover a wide range of topics which could involve affairs between Macao and Taiwan after 1999. These topics include people's communication, trade and investment, air and maritime route traffic, and Taiwan people's stay in Macao along with many other social and cultural elements.

Among the Qian's seven points, are three key features, mainly focusing on "One Country"; "Two Systems"; and the Macao SAR's autonomy in relations with Taiwan based on the former two. For instance, point 3 and 7 both mentioned the "One Country" principle. In point 3, it states that, based on the "One China" principle, since air and maritime routes between the Macao SAR and Taiwan region are administrated by "regional special traffic lines", the air and maritime traffic lines between the Macao

SAR and Taiwan region can be conducted based on the “mutual benefits” principle.³²⁴ On point 7 it states that, the current Taiwan institutes may remain in the Macao SAR under “appropriate names”, and these institutes and personnel must “strictly follow” the Macao Basic Law, and must not go against the “One China” principle. Further they must not to do any harm to damage Macao’s social prosperity.³²⁵

With regards to the “Two Systems” principle, for example, on point 1, it states that the current people’s communication between Macao and Taiwan, including economic and cultural communication, “remain basically unchanged”.³²⁶ Point 4, states that the Taiwan people can enter and exit the Macao SAR in accordance with the Macao SAR laws, and may seek education, employment and residence in the Macao SAR. In other words the current ways of entering and exiting the Macao SAR “remain basically unchanged”, adding that in order to provide convenience for the Taiwan people to enter the Macao SAR, the central government would make arrangements for their travel permits.³²⁷ “[R]emain basically unchanged” is probably one of the most significant features that differentiates the Qian’s seven points from the Macao position and Hong Kong in their relations with the Taiwan region. Qian made a related speech on Hong Kong’s seven points to Hong Kong and Taiwan relations in 1995, but the phrase of “remain basically unchanged” did not appear in Hong Kong’s seven points to Taiwan. The phrase provides more flexibility for the Taiwan people, especially for the easement of political and military representatives to enter and exit the Macao SAR

³²⁴ Chongde and Songling, 39.

³²⁵ Ibid., 40.

³²⁶ Ibid., 39.

³²⁷ Ibid.

than the Hong Kong SAR. It also reflects that the central government has more faith in the Macao SAR for the latter to deal with its related external affairs.

The third feature is the Macao SAR's autonomy in dealing with Taiwan affairs in complying with the previous two principles. For example, point 5 states that, social groups and associations of the Macao SAR including education, science, technology, culture, media, publication, sports, healthcare, labor, women, youth, overseas returning Chinese, social welfare and social works can continue their relations with Taiwan's regional related social groups and associations, based on "non-belonging, non-intervening, mutual respect" principles.³²⁸ However the elements of "media, publication, women, youth, and overseas returning Chinese", did not appear in the Hong Kong SAR's 7 points.³²⁹

From the three principles above we can see that in terms of relations with Taiwan, the Macao SAR enjoys more flexibility and more autonomous power in making contacts with Taiwan than the Hong Kong SAR does, which provide further convenience for the Macao SAR to conduct its external affairs with the Taiwan region. Qian's 7 points have become the official guiding principle in regulating Macao's contact with Taiwan region since 1999.

6.4.4.2 Taiwan's Policy to Macao

³²⁸ Ibid., 40.

³²⁹ Ibid.

After the Sino-Portuguese Joint Declaration on the Question of Macao was inked in April 1987, the Taiwan government also started to shift its policy for Macao, as well as for Hong Kong. In 1992, the regional Taiwan government published the “current work on Hong Kong and Macao” supporting the internationalization, democratization and freedom of Hong Kong and Macao, protecting the Hong Kong and Macao regions’ “freedom, democracy, stability and prosperity”, and promoting the communication and cooperation between Taiwan and the two regions.³³⁰ However, in the following year, the Taiwan government passed a new policy called “work on Hong Kong and Macao”, promoting the internationalization of the Hong Kong and Macao regions, gaining the recognition of Hong Kong and Macao residents, which were replaced by “mutual benefits”, “comprehension and cooperation”.³³¹ Then after 3 years of drafting, and amendment, the policies changed again when the Taiwan government published the Acting Governing Relations with Hong Kong and Macao in 1997 which later was seen as the central regulation that governs the relations between Taiwan and the regions of Macao and Hong Kong. According to the Act itself, it is “specially enacted to regulate and promote trade, economic, cultural and other relations with Hong Kong and Macao”.³³² More importantly, in the “Acting Governing Relations”, the Taiwan government positions Macao and Hong Kong as special regions district differentiated from other parts of the mainland, and such policy is “preconditioned on the ability of Hong Kong and Macao to retain their free economic systems and autonomous

³³⁰ Liu, 215.

³³¹ Ibid.

³³² "Act Governing Relations with Hong Kong and Macau," Mainland Affairs Council, Republic of China (Taiwan)
https://www.mac.gov.tw/en/News_Content.aspx?n=2EA6ADFC159E7A0D&sms=8675D7361543DE23&s=52C62C35EEFEE30A.

status”³³³. This precisely defined what Hong Kong and Macao means. For instance, Macao refers to “the Macao Peninsula, Taipa Island, Coloane Island and parts ancillary thereto, as originally administrated by Portugal”, while Hong Kong also referred to its geographical location and was previously administrated by the United Kingdom.³³⁴

On the same day as Macao returned to the mainland’s administration, the Taiwan government established Macao Affairs Office in Taiwan, to deal with related affairs and to enhance the related contacts. According to its official website of the Macao Affairs Office, the office is responsible for dealing with affairs between Taiwan and the Macao SAR. The office is led by the Mainland Affairs Council of the Taiwan government. In December 1999, the Taiwan government also established Taipei Economic and Cultural Center in Macao based on the “Acting Governing Relations”. In Article 6, it states that to “establish or designate institutions, or commission non-governmental organizations in Hong Kong or Macao to handle matters regarding exchanges between the Taiwan Area and Hong Kong or Macao”. And vice versa. The Mainland Affairs Offices also states in Article 8 that the “Hong Kong and Macao governments, or their respective authorized non-governmental organizations, to set up establishments in and dispatch representatives to the Taiwan Area to handle matters regarding exchanges between the Taiwan Area and Hong Kong or Macao”.³³⁵ Therefore, the Macao SAR government established its Economic and Cultural Delegation Office of Macao in Taiwan in 2011, in order to strengthen Macao-Taiwan’s

³³³ "Faq on Hong Kong & Macao Affairs - What Is the Government's Policy on Hong Kong and Macao?," Mainland Affairs Council, Republic of China (Taiwan), https://www.mac.gov.tw/en/News_Content.aspx?n=3EEB011145EDE4FC&sms=876F7BD09247FFDD&s=FB13A5889749B7F2.

³³⁴ "Act Governing Relations with Hong Kong and Macau".

³³⁵ Ibid.

cooperation on education, culture, economic and trade, health and tourism sectors. According to the office's official website, the Macao SAR's delegation office in Taipei is primarily responsible for providing support and service to Macao residents who are working, studying and travelling or conducting business or residing in Taiwan; while promoting exchanges and cooperation between Macao and Taiwan, particularly in the fields of economy, trade and tourism, science and technology, environmental protection, education and health care; in order to promote the reinforcement of cooperation in the fight against crime and judicial assistance.³³⁶ In short, two sides' policies regarding Macao after 1999 have shaped the Macao SAR's relations with Taiwan until present times . Further, Qian's seven points, and the Macao Basic Law and the "1992 Consensus" have largely influenced Macao's modern relations with Taiwan. For this reason, the Macao SAR enjoys relatively high autonomous power for its affairs with Taiwan.

6.4.5 Macao SAR's Role in Cross-Strait Relations

6.4.5.1 A 'Buffer' in Cross-Straits Relations

Based on those aforementioned principles and policies, the Macao SAR has taken on the role of a 'buffer' in the modern cross-straits relations. The earliest example of the Macao SAR as a 'buffer' was the flight arrangements to places on the mainland and Taiwan, and Macao and Taiwan. In the past there was no direct flights in operation between the mainland the Taiwan, although there was a flight via Macao. However in 2005, after a short two hour meeting, held in a small conference room in a Macao local

³³⁶ "Economic and Cultural Delegation of Macao in Taiwan," ed. DECM.

hotel, between the civil aviation organizations from the mainland and Taiwan, a historical consensus was reached to temporarily lift a ban on direct flights across the Taiwan Straits to allow flights during the Chinese Lunar Year.³³⁷ This allowed Beijing to send a flight to Taipei and land in Macao first. Then, after changing the code of the flight it could fly on to Taipei, and vice versa. This air travel 'buffer' was later known as the 'Macao model', which received considerable recognition in the cross-strait as its "vague processing" of the cross-strait relations decreased the sensitivity of politics between the mainland and Taiwan.³³⁸

The 'buffer' effect is not only about indirect flight among between places in Beijing, Macao and Taipei, it also refers to the official visit of Taiwan politicians to Macao, as well as to Hong Kong. For instance, the Mayor of Kaohsiung Han Kuo-yu visited the Macao and Hong Kong SAR in March³³⁹, and Taiwan's veteran politician James Soong Chu-yu also visited Macao in April 2019 and discussed the development of the GBA project.³⁴⁰ Both politicians were hosted not only by the Chief Executive Chui Sai On of the Macao SAR, but also by the Liaison Office of the central government in Macao, Director Fu Ziying.³⁴¹ As Prof. Lok has commented, these politicians from Taiwan, their visit in the Macao and Hong Kong SARs would be much less sensitive

³³⁷ Jianwei Wang, "Macao's Unique Role in Cross-Straits Relations," in *Macao and Sino - U.S. Relations*, ed. Yufan Hao and Jianwei Wang (Plymouth, UK: Lexington, 2011), 206.

³³⁸ Weiping He, "A Study on "Macao Model"," *Reunification Forum*, [Tong Yi Luntan], no. 4 (2007).

³³⁹ Staff Reporter, "Kaohsiung Mayor Meets Ce, Liaison Chief," *Macau Post Daily*, March 25 2019.

³⁴⁰ "Soong Visits Macau to Explore Taiwan's Chance of Joining Gba," *Macau Post Daily*, April 18 2019.

³⁴¹ Ibid.

than visiting Beijing. Therefore, this again demonstrates Macao's role as a 'buffer' of communication in the cross-strait relations.³⁴²

More importantly, the 'buffer' of Macao's impact on Taiwan has political means, which is the 'windowing impact' of the "One Country, Two Systems" principle. As the principle of the "One Country, Two Systems" is being exercising in the Macao SAR, it operates as a 'show case' to the Taiwan elite and people. When Taiwan is returned to the motherland in the future, the Macao SAR's "One Country, Two Systems" has a "demonstration function", showing that people from the mainland and Taiwan can meet up in Macao for communication, as well as to see the development of the "One Country, Two Systems" principle in the Macao SAR.³⁴³ The 'buffer' role of Macao in the cross-strait relations is more stable than the cross-strait relations itself, as one Chinese official has said, "even when cross-strait relations are tense, Macao-Taiwan relations could still maintain relative stability".³⁴⁴

6.4.5.2 People-to-People Exchange

The current tie between the Macao SAR and Taiwan is primarily based on people-to-people exchange, although of course there are commercial activities going-on between Macao and Taiwan, such as trade and tourism industry, yet these are 'insignificant' by comparison. Throughout history, Macao and Taiwan have had a very closed relationship stemming from the tie of the people and the culture (Minnan) from the

³⁴² In-person interview with Prof. Lok Wai Kin in May, 2019 in Macao.

³⁴³ In-person interview with Prof. Lok Wai Kin in May, 2019 in Macao.

³⁴⁴ Jinzhong Cheng, "Macao-Taiwan Relations Are Facing Rare Opportunities," *News Ifeng*, December 17 2009. in Wang, 215.

Fujian province. Both Macao and Taiwan have had considerable migrants from the Fujian province during various historical periods. The Macao's famous local travel attraction and historical heritage Ma Zu Temple was built by the Fujianese, and the goddess Ma Zu is also a prominent religious symbol in most of the areas in Taiwan even to this day. Regarding the tie between Macao and Taiwan, Brüning points out that³⁴⁵:

(currently) At least 20,000 Macao people live in Taiwan, they are students, workers, and people who moved to Taiwan from Macao, and many of them were originally from Fujian. As they would feel more at home in Taiwan than in Macao, as Taiwan shares the same culture of Minnan from Fujian, which is the dominant culture based in the southern part of Fujian. In the 1980s, there was a movement of people moving from Macao to Taiwan for employment, for a higher salary, which is not a case in today anymore.

Apart from cultural reasons, the KMT's founding father Sun Yet San's experience in Macao has also brought the relations between Macao and Taiwan closer. Sun started his medical career in Macao, also sadly his first wife died in Macao. Today, the Sun Yet San Memorial House in Macao belongs to the KMT, the ownership being operated via a company from Singapore.³⁴⁶ Taiwan is still a popular travel destination for Macao residents. Taiwan continues to use traditional Chinese as its official written language. As for people-to-people exchanges, Prof. Lok also agrees that it is in this work that the Macao SAR government can strengthen its external connections through people who have been to and felt familiar with Macao. In this regard, on the people-to-people exchanges, he pointed out that in Macao there are many students from the PSCs, who, when they complete their studies and return home, they can be the "bridges"

³⁴⁵ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

³⁴⁶ In-person interview with Mr. Harald Brüning in June, 2019 in Macao.

for people-to-people exchange, between Macao and countries of the PSCs, as well as in this case, the region of Taiwan.³⁴⁷

6.5 U.S. influence in the Macao SAR

Another important component that relates to the Macao SAR's external political affairs is the U.S. influence in the region. There has been a long interaction between Macao and the US, unlike the Portuguese settlement in Macao. The activities of the United States can be traced back to the 1700s, when, in the 1780s, a ship named 'Empress of China' sailed to East Asia. After six months of travelling, from the Atlantic and the Indian Ocean it eventually arrived in what is today's Taipa of Macao. The ship was later known as the first ship to come from the United States after its independence, its trip bringing the first American link not only to Macao but also China.³⁴⁸ Therefore, Macao acted in an 'opening door' role between China and US relations. After the discovery of Macao by the United States, the presence of Americans in Macao was primarily based on two elements, one missionary, the other trade.³⁴⁹ Another important historical event related to Macao and the US was the first U.S. treaty called Wangxia with China which was signed in Macao in 1844. Apart from that, the role of Macao in Sino-US relations in the past was more or less one of acting as a gateway for

³⁴⁷ In-person interview with Prof. Lok Wai Kin in May, 2019 in Macao. Prof. Lok also pointed out that the current director of the Presidential Office of the East Timor is an alumnus of Faculty of Law at the University of Macao, the name of the alumnus was not revealed. Moreover, based on the interview with Prof. Lok, he said that in the case of students from the PSCs, many of them come from local government officials' and businessmen's families, there is a great likelihood that they will enter their countries' central administration.

³⁴⁸ Yufan Hao, *Americans in Macao in the Mid-Nineteenth Century*, [19 Shiji Zhongye Meiguo Zai Aomen De Huodong], Macao Culture Collection (Macao SAR, China: Social Sciences Academic Press (China), 2016), 1.

³⁴⁹ Ibid., 2-8.

Americans conducting trade to Canton (Guangzhou) via Macao. Other than that, most of the literature regarding the Americans presence in Macao is related to trade and missionary. The present role of Macao in Sino-US relations began after 1999, when Macao returned to its motherland and emerged as one of China's special administrative region (SAR). More precisely, any current research on the relations between China-Macao-US has focused on the American funded casino enterprises, especially those giant gaming companies such as Sands, MGM, Wynn who are operating in Macao and making huge profits. These American owned and invested gaming companies have been attracting negative attentions since the start of China-US trade wars of recent years. In terms of Macao's political external affairs, and the US's obvious connection to the region, this section intends to give two examples related to Macao where the US was also involved. One is the aforementioned operations of U.S. funded gaming companies in Macao while in the middle of Sino-US trade war; another component is the US's sanctions and accusations of Macao's local bank for money-laundering and supporting terrorism for North Korea in 2005.

6.5.1 Macao from the U.S. Perspective

According to the U.S. Department of State official website, the U.S. relations with Macao were stated as the following:³⁵⁰

In 1999, Macao returned to Chinese sovereignty from Portuguese administration. Macao is a Special Administrative Region of the People's Republic of China. Its foreign relations and defense are the responsibility of China. However, China grants Macao considerable autonomy in economic and commercial relations. Macao is a separate customs territory and economic entity from the rest of

³⁵⁰ "U.S. Relations with Macau."

China and is able to enter into international agreements on its own behalf in commercial, economic and certain legal matters.

U.S. policy toward Macao is grounded in the U.S. Macao Policy Act of 1999 and reflects U.S. support for Macao's autonomy under the "One Country, Two Systems" framework established in Macao's Basic Law. The U.S. promotes trade and investment in Macao, supports broadening law enforcement cooperation, works to bolster academic, educational, and cultural links, supports official U.S. visitors to Macao, and serves the growing numbers of U.S. citizen residents and visitors in Macao. U.S. residents in Macao are estimated at over 4,000.

As has been stated above, the US has interests in promoting trade and investment in Macao, which comes from a long historical background. In addition, it is clear that the US recognizes Macao as a part of China and that the Macao SAR is operating under the "One Country, Two Systems" framework, which as a premise of foreign investors they must respect and comply with. Nowadays, through the trading between Macao and the US each has an important percentage of the other side's market in terms of export and import. In 2017, "the United States accounted for 6.9% of Macao's exports and 5.5% of its imports. U.S. investment has played a leading role in the development of Macao's gaming and entertainment sector. As of the end of 2016, the total stock of U.S. foreign direct investment in Macao totaled \$23.8 billion."³⁵¹ In 2015, the capital goods, fuel and lubricants exported to Macao from the U.S. dropped by 53.9% and 31.6% respectively in comparison with 2014. On the other hand, consumer goods and raw materials including semi-finished products increased by 24% and 141.1% respectively.³⁵² Meanwhile, there more than 30 U.S. companies are operating business

³⁵¹ Ibid.

³⁵² "Doing Busienss in Macau," ed. The U.S. Department of Commerce (Export. gov, 2016).

in Macao.³⁵³ Also if we compare Macao with U.S. well-known cities, in 2015, Macao's gross gaming revenue reached 28.9 billion U.S. dollars, significantly surpassing the combined revenues of Nevada and Atlantic City together.³⁵⁴

6.5.2 Major U.S. Companies in Macao

In 2002, the Macao SAR government ended its "long-standing gaming monopoly, awarding two gaming concessions to consortia with U.S. interests".³⁵⁵ This change in policy has opened and encouraged substantial U.S. investment into Macao's casinos and hotels sectors stimulating rapid economic growth over the last decade. As a result of this, Macao has long become the center of the gaming world, surpassing the older 'gaming capital' Las Vegas of Nevada in terms of gaming revenue since 2006. Along with this the U.S. investment in Macao in the past decade has exceeded \$10 billion U.S. dollars. Furthermore, Macao is gradually transitioning its position from a gaming-alone industry to a more diversified market. It should be noted that not all major U.S. companies are operating in gaming industry in the Macao SAR and that some U.S. companies went out of business due to various reasons.³⁵⁶ Macao is currently developing travel, conferences and tourism which further attracts overseas investment to Macao market, which has further attracted capitals from the US.

³⁵³ "U.S. Relations with Macau."

³⁵⁴ "Doing Business in Macau."

³⁵⁵ "Doing Business in Hong Kong and Macau: 2014, Country Commercial Guide for U.S. Companies ", ed. Department of Commerce (U.S. Commercial Service, 2014).

³⁵⁶ In 2010, a low-cost carrier airline named Viva Macao was "reportedly forced to cancel flight services related to an alleged credit dispute with its fuel provider, triggering events which led to the airline's de-licensing". Courts in Macao declared the airline's bankruptcy in September 2010, while Viva Macao's major shareholder, a U.S. private investment company, filed a case to Macao's court to seek a better judgement whether the decision of the case was legal, but the Court of Second Instance rejected the appeal in November 2013. Ibid.

The success of the U.S. gaming companies have obviously drawn attentions at home, attracting more U.S. companies to invest in Macao. In this regard, Brüning stated, “[T]he American economic influence in Macao only became major element to Macao economy after its gaming industries opened up to foreign companies in the early 2000s, before that there was no big American companies in Macao.”³⁵⁷ Those most influential U.S. companies are usually related to gaming industry in Macao, typically include the Las Vegas Sands, MGM Resorts, and Wynn Resorts which have their headquarters on the west coast of the United States. Influential business leaders from those enterprises include Sheldon Adelson, the founder, chairman and CEO of Las Vegas Sands and the former CEO of Wynn Resorts, Steve Wynn, who both have very close personal connections with Donald Trump, as one is currently a member of the Republican party while the other is a former key member. Regarding Macao’s role in the U.S. invested casinos in Macao, Prof. Lok Wai Kin pointed out that³⁵⁸:

The U.S. gaming companies in Macao are the U.S. government’s ‘financial supporter’, Macao could use this point in the Sino-US relations, because two gaming licenses have been issued to these U.S. gaming companies, who both are ‘financial supporters’ to the U.S. government. Even the former Wynn CEO Steve Wynn was the chairman for fund raising committee to the Republican. Though the Macao government will not openly discuss how to deal with the U.S. gaming companies’ license when they come to expiration, however, to Huawei’s situation in the US, China for sure has related measures to balance the U.S. gaming companies in Macao, just not being implemented yet, it depends on the international situation. In other words, Macao’s major role in Sino-US relations is the two U.S. invested casinos in Macao. The US government has two main goals in Macao, one is political infiltration, another is to service its own country’s companies in Macao. Though Macao is not the ‘main

³⁵⁷ In-person interview with Harald Brüning in June, 2019 in Macao.

³⁵⁸ In-person interview with Prof. Lok Wai Kin in May, 2019 in Macao.

battlefield' of the Sino-US relations, however, Macao still could support the country from flank. The US imposes restrictions to Chinese companies, China could do the same to U.S. companies, such as the U.S. companies in Macao, and saying that they are 'threatening China's national security'.

6.5.3 U.S. Moguls in Macao

As indicated previously the two dominant and key moguls in the U.S. invested casino companies in Macao, are Sheldon Adelson and Steve Wynn. The former is the founder of Las Vegas Sands Group, the latter is the founder of Las Vegas Wynn Group, both have the close connection with U.S. president Donald Trump, as both have been the members of the U.S. Republican Party and functioned as key fundraisers and donors to the party. Sheldon Adelson, has been a constant support to the Republican party, both in ways of finance and social contacts. When Trump was fighting for the Presidential campaign, Adelson and his consultants established a super Political Action Committee (PAC) to ensure that there was sufficient funding for the Republican political campaigns for Trump. Also, before Trump's Presidential campaign, Adelson donated 93 million U.S. dollars to the PAC; about one third of the donation was went to support Mitt Romney's campaign, who was the candidate of the Republic party for presidential campaign in 2012.³⁵⁹ When it was the turn for Trump's campaign, Adelson publicly expressed that he would make a greater financial contribution than any donations in the past.³⁶⁰ Another strength of Adelson's was his connection with the Jewish community, as well as the contributions he made for the

³⁵⁹ Chris Cillizza, "Sheldon Adelson Spent \$93 Million on the 2012 Election. Here's How.," *The Washington Post* 2014.

³⁶⁰ Rosalind Helderman and John Wagner, "Sheldon Adelson, Corporate Interests Boost Trump Inaugural Fundraising to Record Levels," *ibid.*, April 19 2017.

relations between US and Israel.³⁶¹ As a successful Jewish business man, Adelson not only persuaded Jewish Republican members and officials to support Trump's Presidential campaign, but also was one of the key-decision makers that pushed Trump to admit state Jerusalem as the capital of Israel in December 6th 2017.³⁶²

Steve Wynn, the former finance chair of the Republican National Committee (RNC) left his position in late January 2018 due to harassment allegations from employee(s) who worked for him.³⁶³ In February, Steve Wynn stepped down as chairman and CEO of his Wynn Resorts company due to a similar allegation.³⁶⁴ Prior to his stepdown from his positions, he also worked as the Republican National Finance Committee finance chairman from 2017 to 2018. Given the facts of the huge gaming revenue that the American casinos have earned in Macao, there is no doubt that a considerable amount of gaming-earned finance has been aided to the Republicans via the two U.S. moguls in Macao.

On the other hand, however, there is extensive news that there are concerns of suspicious U.S. CIA intelligence agents' activities in Macao, based in U.S. invested gaming companies. There was speculation that the U.S. invested casinos in Macao conspired with US intelligence agents to "entrap and blackmail Chinese officials"³⁶⁵

³⁶¹ In-person interview with Mr. Harald Brüning in Macao in June, 2019.

³⁶² Mark Landler, "For Trump, an Embassy in Jerusalem Is a Political Decision, Not a Diplomatic One

Video," *The New York Times*, December 6 2017.

³⁶³ "Steve Wynn: Us Casino Mogul Quits as Republican Finance Chair," news release, January, 27th 2018, <https://www.bbc.co.uk/news/world-us-canada-42848795>.

³⁶⁴ Ibid.

³⁶⁵ Chris McGreal, "China Feared Cia Worked with Sheldon Adelson's Macau Casinos to Snare Officials," *The Guardian*, July 15th 2015.

while some unverified source state that “Sands has permitted CIA/FBI agents to operate from within its facilities ... and luring’ and entrapping mainland government officials, involved in gaming, to force them to cooperate with US government interests”.³⁶⁶ Sands described the report as “a collection of meaningless speculation”.³⁶⁷ Based on an interview with Harald Brüning about the two U.S. moguls in Macao, he said³⁶⁸ that:

I don’t think any of them is ‘anti-China’, because they want to do business and make money. Like Adelson, the boss of Sands, who always tries to have good relations with Beijing. MGM and Wynn are the same, I don’t think they ever challenge Beijing. Even Adelson and Wynn who are Republicans, I don’t think they necessarily against China. I have met Adelson and Wynn before, I don’t think either of them expressed the idea of against China.

However, this thesis merely discusses this point only in relation to the involvement of the U. S. casinos’ operations in Macao’s external political affairs. Therefore, the intension is to provide a balanced view here, rather than making an argument over the subject.

6.5.4 Potential Risk of U.S. Gaming Enterprises to Macao

As we know, Macao’s casino concessions are coming up for renewal in 2022. This brings great uncertainty regarding the re-distribution of gaming licenses, and in particular how many of them will be distributed to American gaming companies. Moreover, the Macao SAR government has the legislative power to determine its next

³⁶⁶ Ibid.

³⁶⁷ Ibid.

³⁶⁸ In-person interview with Harald Brüning in June, 2019 in Macao.

round of gaming licenses' distribution in 2022, and of course, the Macao SAR government would aim to protect the central government's interest. According to a report by political and corporate risk consultancy Steve Vickers & Associates (SVA), giving the weight of the current trade war between China and the US, the US casino operators' chances of renewing their Macao concessions could be "in danger". In the report, it described the Macao's gaming sectors as "highly exposed" to fallout from the trade war.³⁶⁹ Any significant slowdown or fall in the yuan's value may lead to Beijing's further curbing of capital outflows, so dampening casino revenues."³⁷⁰ The report further points out that the on-going trade war between China and U.S. could affect the "Macao gaming rights for the three operators in Macao market that are Sands China Ltd, Wynn Macao Ltd, and MGM China Holding Ltd could become a a hostage to geopolitics when the current six Macao concessions expire in either 2020 or 2022."³⁷¹ The report also stated that: "[T]hree of Macao's six gaming concessionaires are [majority owned by] U.S. companies: Las Vegas Sands [Corp], MGM [Resorts International], and Wynn Resorts [Ltd]; and Las Vegas Sands founder Sheldon Adelson boasts close ties to U.S. President [Donald] Trump. These companies now sit on a geopolitical fault line, as their Macao concessions can therefore be on the line."³⁷² As well as Steve Wynn, the owner of Wynn Resorts Ltd, is on record as a

³⁶⁹ GGR ASIA, "Macau Casinos Exposed to Any Us-China Trade War: Vickers," (Steve Vickers & Associates 2018).

³⁷⁰ Ibid.

³⁷¹ Ibid.

³⁷² Ibid.

supporter of Trump,³⁷³ while Las Vegas Sands was one of the biggest contributors to the Trump presidential campaign.³⁷⁴

Nevertheless, many would believe that China would probably not put U.S. gaming companies in Macao at an ultimate risk, based due to the high economic returns of those U.S. gaming companies to the tax revenues of the government of Macao. Although, according to Nelson Rose, a scholar in gaming law, who argues that China could restrict mainlanders' frequencies of visit to Macao, as a "quick and easy" way to hurt U.S. interests in Macao's gaming industry.³⁷⁵ This type of strategy has been in play before when China and South Korean were in an intense relation during the THAAD crisis in 2016, when the numbers of Chinese tourists visiting South Korea dropped dramatically. Also, with the significant decline in the sales of South Korean cosmetics and electronic products in the Chinese Market, many South Korean companies went out of business. On a more serious note, with a decline of Chinese Yuan's value because of the trade war with the United States, the Chinese government could further "further curbing of capital outflows, so dampening casino revenues", including the U.S. casino companies.³⁷⁶ Meanwhile, the Macao SAR government is actively studying and researching its ways of diversifying its local economy rather than majorly relying on the gaming sector: Macao's active participation in the nation's

³⁷³ Ibid.

³⁷⁴ "Steve Vickers: Macau at Risk of Trade War Entanglement," news release, 2018, <http://stevevickersassociates.com/news/steve-vickers-macau-at-risk-of-trade-war-entanglement/>.

³⁷⁵ "Macau Ops Potential Targets of Us-China Trade War: Scholar," news release, 2018, <http://www.ggrasia.com/macau-ops-potential-targets-of-us-china-trade-war-scholar/>

³⁷⁶ "Us China Trade War: Winners and Losers," news release, 2018, <http://stevevickersassociates.com/news/us-china-trade-war-winners-and-losers/>.

BRI and GBA are good examples of this. So, even if the central government applied mainland tourists' restriction to Macao, there probably would not be a strong reaction from Macao. Thus, the U.S. invested casinos in Macao could become 'a bargaining chip' for China in the Sino-US trade war, as well as 'something to hold on' for the Macao SAR in its political external affairs.

According to a scholar in gaming law, China and Macao maintains the legal right to do "just about anything with these Concessions, the Macao Chief Executive has the power to extend them one or more year at a time, but only up to five years".³⁷⁷ After that, with or without extensions, Macao law would require the Concessions to be rebid to the public, which does not "necessarily mean the bidding will be open to other potential operators. nor does it mean that the current operators will automatically be renewed."³⁷⁸ In addition, there is yet another possibility which must not be ignored. The Macao SAR government sought U.S. company's involvement in Macao in 2002 due to the U.S.'s advanced casino management experiences. However, decade later, Macao has now developed its own management sources and teams of professionals, with advancing local expertise in Macao. It can be seen that Macao gaming industry has already surpassed Las Vegas and other casino cities elsewhere in the world. The expertise of U.S. casino companies' operation and management are now resigned to history. Therefore, it is possible that the central government or the Macao SAR government would choose to promote and support a local Chinese gaming company to 'throw the hat into the ring' during the coming renewal of Concessions.

³⁷⁷ Nelson Rose to Gambling and the Law, July 13, 2018, <http://www.gamblingandthelaw.com/macau-and-las-vegas-collateral-damage-from-trumps-trade-war-with-china/>.

³⁷⁸ Ibid.

Furthermore, the travel patterns of Chinese tourists, particularly Chinese gamblers, matter very much to the gaming revenue, not just to Macao casinos or to the tax income of the Macao local government, but also to casino businesses in Las Vegas in the US. Nowadays, the Chinese tourists are the top source of tourism in the world, in that more than 20% of the money spent by international tourists was spent by Chinese tourists, which was as twice as much as the “next-biggest spenders, Americans”.³⁷⁹ In terms of the money spent in legal gaming industry, mainland tourists particularly enjoy the high-stakes card games, called baccarat, in casinos in Macao and Las Vegas. In 2013 alone, while the Casinos in Las Vegas received a total revenue of \$ 1.1 billion US dollars from blackjack, baccarat, the game favored by Chinese gamblers, netted \$ 1.6 billion US dollars, even though there were 2704 blackjack tables and only 302 baccarat tables in Casinos in Las Vegas.³⁸⁰ Furthermore, the U.S. casinos in Macao have earned more revenues than their flag-ship branches back in Las Vegas throughout the years. For example, in 2018, Wynn Resorts drew 69 % of its revenue from its casinos in Macao, and Las Vegas Sands collected 65% of its revenue from its casinos in Macao. Therefore, the stakes here are very high for the US casino investors and owners if ‘things went south’ in Macao.³⁸¹

³⁷⁹ Ibid.

³⁸⁰ Nelson Rose, "Macao and Las Vegas: Collateral Damage from Trump's Trade War with China", news release, 2018, <https://calvinayre.com/2018/07/19/casino/macau-las-vegas-collateral-damage-trumps-trade-war-china/>.

³⁸¹ Jane Li, "Macao Casinos Could Get Caught in Us-China Trade War Crossfire, Say Analysts, Three out of the Six Major Operators in Macao Are Owned by Us-Listed Companies," *South China Morning Post*, July 12 2018.

Back in 2002, the Macao government awarded three concessions to Sociedade de Jogos de Macao (“SJM”), Galaxy Entertainment and Wynn Resorts. As the SJM was already operating before this period it received an 18-year concession, which, along with its Sub-Concession, MGM would expire in 2020. Galaxy’s Concession, and its Sub-Concession, The Venetian, would expire in 2022, along Wynn’s Concession and its Sub-Concession, Melco Resorts Entertainment. However, in 2019, the Macao SAR government permitted the SJM and MGM’s license to be “extended” to 2022, in order to ‘conveniently’ set up new arrangement for the remaining four license which would expire in 2022.³⁸² Although now, how would the Macao SAR government deal with the American enterprises’ gaming licenses in 2022? Would they automatically renew their licenses, or open it up for public bidding? There is not great uncertainty. Perhaps it would also depend on the outcome of the current China-US trade war, as the central government may want to put pressure to the US over its giant gaming enterprise in Macao as a ‘bargaining chip’, and the Macao SAR government would very likely stand in a line with the central government as dealing with its external political affairs.

6.5.5 Pros & Cons of U.S. Gaming Companies to Macao Society

The rapid growth of American companies and their pouring-in of investment to Macao, represented a large percentage of Macao’s local economy’s source of income. However, some would argue that Macao should import high-end technologies and professionals from the United States, rather than industries like gaming and resorts, which often seen as not “high-end” industries therefore not bring of any long term

³⁸² "Government Permits Sjm & Mgm License Extend to 2022, [Zhengfu Pizhun Aobo, Meigaomei Yanchang Dupai Zhi 2022 Nian]," Exmoo, <https://www.exmoo.com/article/100147.html>.

benefit to the Macao society.³⁸³ On the other hand, this kind of American industry is relatively 'full' in its domestic market and therefore overseas export of this industry was important.³⁸⁴ At present, Macao's considerable portion of economy's income is dominated by a number of giant-sized U.S. companies include the Venetians and Wynn, leading to a direct impact of American companies on Macao's society, while not really contributing to the society's own development in the long term. It is clear that Macao's gaming sector has long become the dominant industry in Macao's economy. When one industry is developing too fast and its revenue has largely surpassed the remaining industries of the local economy, this could lead to "deindustrialization" of the local economy, which is also known as the Dutch Disease. Currently, Macao is showing signs of Dutch Disease because of its gaming sector.³⁸⁵ Since the labor of casinos does not requires diplomas of Higher Education, and we led to "an exodus of young workers from non-gaming sectors to casinos and hotels".³⁸⁶ However on a brighter side, some scholar would argue, that as one of the initial plan in opening up the Macao gaming Concessions for overseas companies like casinos from the US, was to attract high-end tourists to Macao for gaming, as well as to promote the Macao gaming industry to develop to a higher level.³⁸⁷

³⁸³ Qing Chen, *Road of Macao, U.S. Companies Influences on Macao*. [Aomen Zhilu, Meiguo Qiye Jinru Dui Aomen De Yingxiang] (Macao Commercial Newspaper and Media, 2008).

³⁸⁴ Ibid., 11.

³⁸⁵ Susana Mieiro, Pedro Nogueira Ramos, and Jose Alves, "Dutch Disease in a Gaming Tourism Economy: The Case of Macau," *International Proceedings of Economics Development and Research* 52, no. 14 (2012).

³⁸⁶ Elaine Yau, "Macau Casino Boom Brings Problems," *South China Morning Post*, October 15 2007.

³⁸⁷ Yi Yong, "'American Funded Gaming Companies' Prospect Will Be Limited by Sino-US Relations?" [Meizi Boqi Fazhan Qianjing Jiang Shouzhixu Zhongmei Guanxi?], *Jornal San Wa Ou*, Jan 10th 2018.

As we know, Corporate Social Responsibility (CSR) has been one of the most important evaluations to mark the success of an enterprise, so the casinos in Macao were not an exception. The U.S. owned casinos are operating with great profit in Macao. Together, with other gaming companies, they have exercised the corporate social responsibilities to the Macao society in some sense. Most of the casinos have made huge fortunes from their gaming revenue, so when donating even a small percentage of their profits, this would still be a large sum of money. According to a survey conducted by the Macao University of Science and Technology, from 2011 to 2017, the total donation of the six casino companies made to local society was 1.5 billion Hong Kong dollars. And the ranking of the donations was Wynn Macao; Galaxy; Sands China, SJM, MGM China, and Melco. Among them, the U.S. invested casino companies' donations were contributed by Wynn, Sands China and MGM China, with respective donations of 0.7 billion, 0.1 billion, and 0.087 billion Hong Kong dollars.³⁸⁸ In terms of the donation by the ratio of total revenue, the U.S. invested company Wynn ranked in the first place among the six casino companies; Wynn spent 0.381% of their revenue on donations (first place), MGM China spent 0.062% (third place), and Sands China spent 0.030% (fourth place) among the six casino companies.³⁸⁹

Further, different companies have different preferences on donating their money into different sectors of the society. For example, the major recipients of the charitable

³⁸⁸ *2011-2017 Report on Development of Corporate Charity Responsibility in Macao's Gambling Industry, Macao's Gambling Companies' Charitable Donation Rankings*, (Macao SAR, China: Institute for Social and Cultural Research & Macao Tourism Society, 2018).

³⁸⁹ Ibid.

donations from Wynn are local sectors of education and research, children's charity, disaster revelations, caring for the elderly persons, disadvantaged groups, small and weak animals. Whereas for Sands China, most donations went to low income families, education, emergencies and accidents, children developments, elderly persons, and animals' protection. While MGM China, donations were made to juveniles, elderly persons, injured labors and arts and cultural events.³⁹⁰ In the incident of Super Typhoon "Hato" in 2017, most enterprise and companies made their donations to help Macao in post-disaster relief. Among the companies, U.S. invested casino companies also made their own donations. For example, Sands China donated 65 million patacas, Wynn China donated 60 million patacas and MGM China donated 30 million patacas.³⁹¹ All of those donations not only helped Macao develop its local societal sectors, to diversify and enrich the developments of Macao's populations and sectors that were in financial need, but also provided considerable financial and labor assistance in the case of "Hato" typhoon incident. Therefore, this thesis argues that in terms of the impacts of the U.S. casino companies on local society this is a complicated issue. On the one hand, its sliding, imbalanced development has prevented other industries in the local economy from growing. On the other hand, its generous financial aid to the local society cannot be neglected. What is certain is that the existence of these casino enterprises, have largely shaped today's international status of tourism and entertainment for Macao as a city.

6.5.6 Banco Delta Asia Money Laundering Case in 2005

³⁹⁰ Ibid.

³⁹¹ Ibid.

The second component of the Macao SAR's political external affairs is the case of the Banco Delta Asia (BDA) "Money Laundering" Case in 2005. With the ever-increasing revenue of U.S. gaming companies in Macao since the Macao government lifted its restriction over casino operating licenses in the early 2000s, the Macao society has observed a trend of increasing levels of interferences and infiltration from the US to Macao society in many different social perspectives. In the middle of September 2005, a report by the BBC stated that the Banco Delta Asia based in Macao was accused of money laundering for North Korea. The accusation was made by the U.S. government.³⁹² The case was discovered by the US after an undercover investigation with the code name "Royal Charm and Smoking Dragon". The U.S. Treasury Department later designated the BDA as a "primarily money laundering concern" and saw the BDA a "willing pawn" for the North Korean's illicit activities.³⁹³

A few years earlier, the same bank was being accused in the media for helping financing Pyongyang's nuclear ambitions.³⁹⁴ It was during the last years of the Portuguese Macao period, the bank found that there had been an attempt by some North Koreans to deposit \$250,000 U.S. counterfeit bank notes. The bank informed the local police, and the U.S. government, yet the outcome of the case was, "nothing conclusive".³⁹⁵ However, the 'once again' case of Banco Delta Asia after 1999 was

³⁹² "Laundering Charge Hit Macau Bank," news release, 19th September 2005, <http://news.bbc.co.uk/2/hi/business/4261450.stm>.

³⁹³ Dick Nanto, "North Korean Counterfeiting of U.S. Currency," ed. Congressional Research Service, CRS Report for Congress (United States: Congressional Research Service, 2009).

³⁹⁴ "Laundering Charge Hit Macau Bank."

³⁹⁵ Hou.

the first time the Macao SAR was involved “into the swirl of the Sino-American wrestle”.³⁹⁶

After the terrorist attack on 9/11, the US Treasury Secretary has gained the power to “designate foreign banks as ‘institutions of primary money laundering concern’” based on the newly promulgated Patriot Act.³⁹⁷ In this Banco Delta Asia’s case, the US Financial Crimes Enforcement Network (FinCEN) pointed out the designation was based on the bank being a “willing pawn” of the North Korean regime. FinCEN further pointed out that the Pyongyang government had used a wide range of “front companies and government agencies to profit from drug smuggling, counterfeiting goods and currency, and many other criminal activities.”³⁹⁸ The bank’s chairman, Stanley Au, responded this accusation stating that it was “ridiculous” and argued that “[D]uring the past 30 years, the trading relationship between our group and North Korea has been openly acknowledged by the monetary authorities of Hong Kong and Macao, as well as agencies in the US...[I]f we had done these things, they shouldn’t have had to wait until today to accuse us”.³⁹⁹

In the case of Banco Delta Asia, though the U.S. sanctions against the BDA were aimed at tightening the control on the North Korean’s finances in the overseas. However ever, the U.S. actions would surely bring a negative impact to the financial stability of Macao, which was the Chinese government main concern. Though Macao was operating independently in dealing with this issue, under the pressure from the

³⁹⁶ Ibid., 182.

³⁹⁷ "Laundering Charge Hit Macau Bank."

³⁹⁸ Ibid.

³⁹⁹ Ibid.

US, it showed the Macao SAR's determination to protect the country's financial security. Moreover, as a Macao local bank, the BDA "has the implicit backing of the Chinese government".⁴⁰⁰ China quietly defended the case for BDA, such as persuading the owner of the bank not to give into the U.S. pressure.⁴⁰¹

The U.S. sanction against the Banco Delta Asia aroused the "ripple effect", as afraid of being excluded from the U.S. financial systems, many banks in China, Japan, Thailand, Vietnam and Singapore followed the US and applied "similar or tougher" measures against the North Korea (DPRK) creating an informal financial embargo to the DPRK.⁴⁰² In addition, the Banco Delta Asia issue caused a local financial shock. The U.S. sanction against the Banco Delta Asia caused about \$133 million of cash, which was equal to 34 percent of the bank's deposits at the time, to be cashed out by the bank's customers from September 15 to 21 in 2005.⁴⁰³ After a series of U.S. actions against the local bank, the Macao SAR government decided to take over the control and monitor the operation of the Banco Delta Asia for two years. The Macao local government had also commissioned Ernest & Young, one of the Big Four auditors in the world, to audit the BDA and eventually found no evidence that the bank itself was involving in any illegal money-laundering activities related to the state of DPRK⁴⁰⁴. Hence, the Macao SAR government returned the managing right back to its own management after two years.

⁴⁰⁰ Tim Johnson, "Macao Tycoon Wants His Bank Back," *McClatchy Newspaper*, July 6 2007.

⁴⁰¹ Hou, 187.

⁴⁰² *Ibid.*, 184-85.

⁴⁰³ *Ibid.*

⁴⁰⁴ "Banco Delta Asia S.A.R.L. Report to the Administrative Committee," Ernest and Young.

The North Korean's presence in Macao seemed to have caused concerns to the US, based on Macao's international status and its flexible banking system. With regard to the US's opinions to the North Korean's presence in Macao, Brüning said⁴⁰⁵ that:

The main problem the US used to have with Macao was the North Korean's presence in Macao, and the Banco Delta Asia was one major case based on it. So the US government punished the Banco Delta Asia by cutting off its ties with the U.S. banking system, so the Banco Delta Asia almost went out of business, and eventually the bank survived. So many years ago, the Americans generally had negative opinion over Macao because of the North Korean's presence in Macao. After 1997, the North Korean opened a consulate in Hong Kong, so the North Korean shifted its presence and moved its staff from Macao and Hong Kong, so the element of North Korean in Macao become less important than before.

In this case, the central government did not express an explicit attitude claiming that it was the Macao SAR's affair to deal with this issue with the United States, and claimed to fully support the Macao SAR government. Brüning said at the time, "the central government did not like the case and did not want to have conflict with the US. Because at that time, Beijing was quite eager to have good relations with the US, which was very different from now".⁴⁰⁶ Regarding China and US relations in this case, China opted for a 'dual cooperative strategy': on the one hand, China took a cooperative position with the US by "tightening financial policy against money laundering", while on the other hand, the Chinese diplomatic strategy showed favor to the DPRK based on its pragmatic reason in the incident.⁴⁰⁷ As initially, China avoided direct confrontation with the US, as the BDA case took place on China's territory, and then,

⁴⁰⁵ In-person interview with Harald Brüning in June, 2019 in Macao.

⁴⁰⁶ In-person interview with Harald Brüning in June, 2019 in Macao.

⁴⁰⁷ Hou.

out of the geopolitical concern, China preferred the DPRK to be maintain as a stable and peaceful regime on the Korean Peninsula.⁴⁰⁸ In this regard, China stealthily provided policy convenience to the DPRK, so it was no surprising that the DPRK companies had already been operating actively in Macao before 1999, when Macao had become a “semi-liberated area” under the Portuguese administration before 1999, where the CCP had already gained strong influence over the local society.⁴⁰⁹

Therefore, based on China’s two-way diplomatic strategy, when the US still decided to impose sanctions to the BDA, the central government of China only expressed “deep regret” avoiding any direct confrontation with the US.⁴¹⁰ More importantly, regarding China’s strategy in this case, the “One Country, Two Systems” model gives plenty of room to the central and Macao SAR governments to perform these diplomatic arrangements. On the one hand, China could argue that the Macao SAR is operating under a different system than the mainland which enjoys high degree of autonomy, while at the same time, China could stealthily give orders to the Macao SAR government based on the “One Country” of the “One Country, Two Systems” principle.⁴¹¹ This kind of flexibility of the “One Country, Two Systems” model enables to two SARs (Macao and Hong Kong) to play an intermediary and buffer role between the mainland and the world, as demonstrated in this particular BDA case. Therefore, as for political external affairs, the BDA case reveals that the “One Country, Two Systems” principle has not only “continued to the stability and prosperity of both

⁴⁰⁸ Ibid.

⁴⁰⁹ Anna Fifield, "N Korea May Get Back Cash – at a Price," *Financial Times*, May 17 2007.

⁴¹⁰ Hou, 188. 188

⁴¹¹ Ibid., 189-91.

the whole country and the two SARs, but also made the Chinese government more flexible in managing internal and external affairs”.⁴¹² Throughout all this the central government at least considered the BDA Incident as an alert for the “infiltration and interference of American forces into Macao along with the entrance of American capital to this region”.⁴¹³

6.6 Summary

In summary, this chapter has given a general background of the topic, including a framework of external political affairs of the Macao SAR, followed by two main case studies on Macao’s political external relations with the United States as well as the region of Taiwan. Compared with other aspects of the Macao SAR’s external affairs, the political external affairs are rather special due to its sensitivity. In the sector of Macao’s external political affairs, according to the legal and institutional framework, the Macao SAR enjoys relatively little power in terms of exercising its power of autonomy, as has been explained in the Macao Basic Law. However, on the other hand, in order to follow and assist the implementation of the State Security Law of People’s Republic of China (Zhonghua Renmin Gonghe Guo Guojia Anquan Fa) promulgated in 2015, the Article 40, states that the Macao and Hong Kong SARs have the obligations of implementing the responsibilities of protecting the state’s security. The Macao SARs then accordingly established the Commission for the Defense of State Security of the Macao Special Administrative Region in 2018, led by the chief executive and heads from key departments in the Macao SAR government. The commission itself reveals that there is growing number of political mandate from the

⁴¹² Ibid., 189. 189

⁴¹³ Johnson.

central government ordered to the Macao SAR government, in order to let the latter carry out more duties to safe guard the national security as a whole.

In terms of Macao's role in the cross-strait relations, the Macao SAR is highlighted to Taiwan, as a 'showcase' of a successful "One Country, Two Systems" model, by providing a possible and positive pathway for Taiwan's return to the motherland in the near future. In a deeper sense, Macao's practice of the "One Country, Two Systems" principle serves both as "a window to showcase" as well as "a facilitator" in promoting cross-strait relations.⁴¹⁴ Moreover, as discussed earlier, Macao also acts as a 'buffer' in the cross-strait relations, presenting as a 'middle place' for politicians from the mainland and Taiwan, which could decrease the political sensitivities for both sides. As for US's influence in Macao and Macao's role in Sino-US relations, Macao's role has caught worldwide attention because of the on-going trade war between China and US, based on the latter's huge investment on its gaming business operations in Macao. The U.S. invested gaming companies' licenses of operation such as Wynn, Sands and MGM will now expire together in the year of 2022. How the Macao SAR government or the central government deals with the upcoming renewal procedure has become a trending topic not just in academia but also among governments.

Though the Macao SAR enjoys limited space for exercising its power in political external affairs, when the external political affairs do not involve diplomatic or sovereignty matters, Macao can still take actions upon consulting the issue with the central government. In other words, Macao would need the 'green light' from the

⁴¹⁴ Wang, 201.

central government to proceed. Macao's role in cross-strait relations with Taiwan, in Sino-US trade war and in its policies to the U.S. invested casinos in Macao, are within the boundaries of Macao's political external affairs. Macao possesses the power in assisting the country's strategy from the flank. As the commission for the national security was only set up in 2018, more time is needed for further observation. The central government may well give more political mandates to the Macao SAR government in the future when the central government feels it is needed, given the fact of the rising power and influence of today's subnational governments worldwide. Moreover, it has been illustrated in the previous section, the "One Country, Two Systems" model offers the Macao SAR and the central governments with great flexibilities in Macao's external affairs.

Chapter 7 Economic Affairs

7.1 Introduction

Economy has always been an important component in almost any society and or country in the world. A very stable economy enables long-term prosperity and sustainable development of the society or the country. One very important way of exercising Macao external affairs and contacts with overseas countries or regions is through its economic affairs. This chapter attempts to show who the major governmental bodies dealing with Macao's economic external affairs are, what they have accomplished and how much autonomous power they enjoy. It will also look at the primary political mandates that the Macao SAR Government is currently involving in its economic external affairs.

Primarily this chapter will look at three cases that are closely associated with Macao's economic external affairs. The first one is the Forum Macao (Forum for Economic and Trade Co-operation between China and Portuguese-Speaking Countries (Macao)), which is mainly associated with the Portuguese speaking countries (PSCs), where ministerial meetings are being held on a periodic basis, with the aim to boost the connection between China and the Lusophone world via the Macao platform. The second case is the almost 6-year-old Belt and Road Initiative (BRI) (also known as "One Belt One Road") which was introduced by President Xi Jinping in 2013. In late 2016, Macao was ordered and authorized to participate in and contribute to this national initiative. The third case is the Guangdong – Hong Kong – Macao Greater Bay Area (GBA) development plan. With the release of the development planning guidelines of the GBA project, it marks an official start in developing the GBA

participated by Macao as well as nine other cities and the Hong Kong SAR in the GBA region.

This chapter argues that Macao's economic external affairs is exercised based on a multi-dimensional model by different Macao SAR governmental bodies. Each governmental institute enjoys a different level of power and mandate from the Macao SAR government, as well as from the central government. Overall, the Macao SAR government enjoys a considerably high degree of autonomy in terms of economic external affairs, and related authorizations from the central government also increase along with the central government's political mandates. It also argues that this sector of external affairs shows sign of multilayered diplomatic relations between the central government and the Macao SAR government.

7.2 Background

Economic affairs play a crucial role in the activities of a subnational government in terms of business and trade and in relation to other important economic activities or events with other economies in the world. Since the return of Macao back to China's administration Macao has become one of China's special administrative regions after the Hong Kong SAR. The Macao SAR economic external contacts with foreign countries, particularly with the EU and the Portuguese Speaking Countries including Portugal, Brazil and Mozambique, has expanded since its return to China's administration in 1999. The Macao SAR government has a number of offices in Europe, to facilitate its connection with the European Union (EU), World Trade Organization (WTO) and Portugal, as well as to protect the interest of Macao's

business and the people related to it. For instance, the overseas offices of the Macao SAR Government include the Economic and Commercial Delegation of Macao (DECM) in Lisbon, Portugal, which is a representative service office of the Macao SAR, responsible for defending Macao's interests and promoting Macao in Portugal. The Economic and Trade Representative Office in Brussels, Belgium operates with a similar mission. Together with the Macao Economic and Cultural Office stationed in Taipei, Taiwan, and the Office of the Macao Special Administrative Region in Beijing, China, the Macao SAR Government currently has four delegation offices outside of Macao.

Furthermore, Since the establishment of the Macao SAR, Macao has been trying to maintain and consolidate its relations with the Portuguese speaking countries (PSCs), as well as continuing to present itself in a role to bridge cultural exchange through political rhetoric. With the mutual ties between Macao an the Portuguese speaking countries (PSCs), Macao promotes and provides help to the business communities from Portuguese-speaking countries and mainland China in initiating economic and business negotiations.⁴¹⁵ However, even though Macao maintains relations with the EU and the Portuguese Speaking Countries, as well as with those international organizational memberships, the offices' operation and international organization memberships of Macao have not been as active as the policy mandate which was initiated by the Chinese government in the recent years. such as Forum Macao and Belt and Road Initiative. Macao's office in Europe will be discussed in details in the following sections.

⁴¹⁵ "External Relations," ed. Macao SAR Government Portal.

The major political mandates such as the Forum Macao, the Belt and Road Initiative (BRI) and the GBA development project hailed from the central government not only helps Macao SAR boost its local economy as well as its international status, but also, promotes moderate diversification for the local economic structure as the local society currently to a large extent still relies on the gaming industry. Though it is an industry that brings in huge revenue to the Macao SAR Government, its sliding development is making the proper development of other elements in society difficult. With Macao's urge to transform its economic industrial mainstream and with more mandates being authorized to Macao from the central government for economic external affairs, it also leaves the question unanswered: how much power does the Macao SAR Government possess in dealing with its economic external affairs?

7.3 Economic External Affairs Institutional Framework

The external affairs of the Macao SAR dealing with issues of economic affairs enjoy a high degree of autonomy compared with other elements of Macao's external affairs such as the political external affairs. In this section, it attempts to analyze the overall framework in order to explain the Macao SAR's economic external affairs. The Macao SAR's external economic contacts are primarily represented by the following institutions, bureaus and offices: Macao Economic and Trade Office to the World Trade Organization (WTO), and The Economic and Commercial Delegation of Macau (DECM), in Lisbon and in Brussels. The Office of the Macao Special Administrative Region in Beijing, specialized in dealing with economic affairs with Beijing as well as The Economic and Cultural Delegation of Macau in Taipei, Taiwan. Two major

bureaus in Macao are the Economic Bureau (DSE) and Macao Trade and Investment Promotion Institute (IPIM). Also, there are three special committees related to the Forum Macao, BRI, and GBA, which will be introduced later on. If we look at those offices stationed outside of Macao, the majority of them are operating in Europe. This is perhaps due to Macao's close connection with Europe throughout history, particularly related to the Portuguese's settlement and occupation in Macao for more than four centuries. Also, thanks to the Joint Declaration between China and Portugal, as well as the "One Country, Two Systems" principle enshrined in the Macao Basic Law, the economic and trade contacts between Macao and European communities remain and are still functional after China's retrocession of Macao in 1999. Furthermore, this section argues that throughout the framework of Macao SAR economic external affairs, in terms of the institutional structure, it can be seen in a three-dimensional way; the major functional differences among the institutions mentioned above can be categorized as the following: some are for Macao external affairs based in local offices in Macao, others are special committees for economic affairs based in Macao, while the rest are the overseas stationing offices for external affairs. The logic and structure behind this economic affairs framework will be explained in details throughout the following sections.

The following chart is the overall administrative structure of the Macao SAR Government:

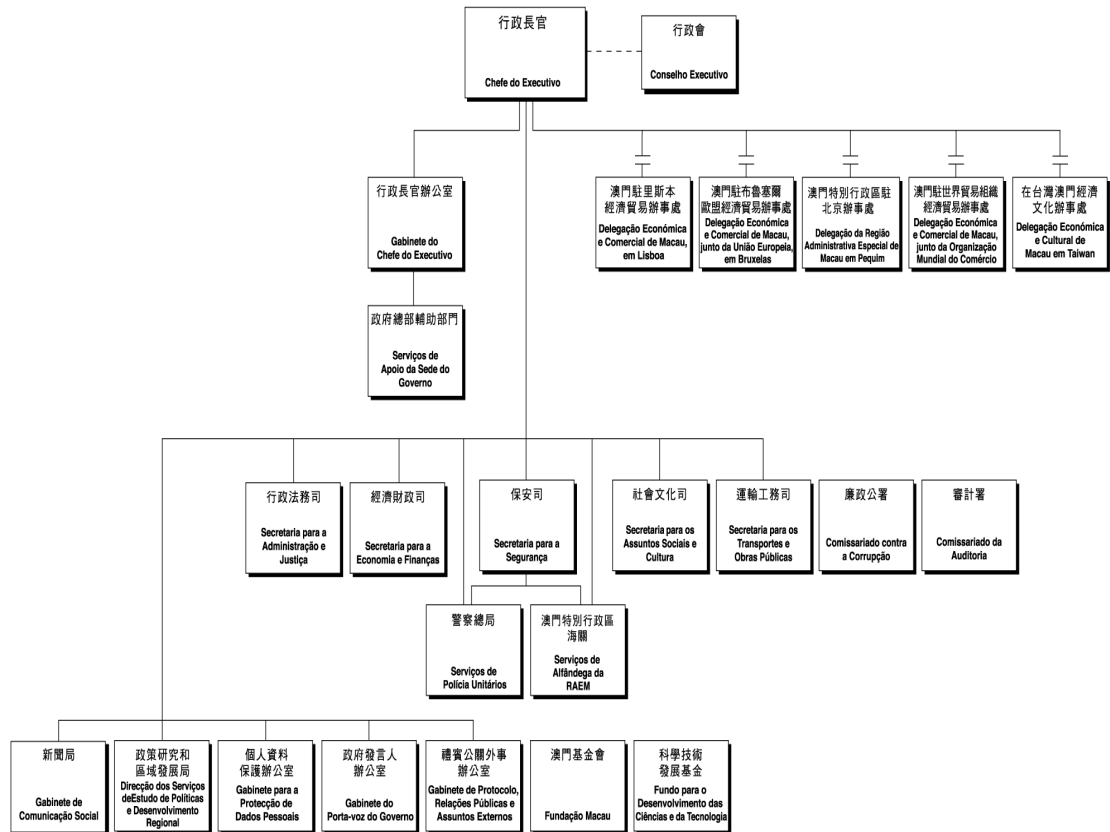


Figure 3 Structure of Macao SAR Government⁴¹⁶

7.3.1 Macao's Overseas Stationing Offices for External Affairs

As can be seen from the chart, the following offices of delegation are directly under the order of the Chief Executive. The delegation offices are in Lisbon (The Economic and Commercial Delegation of Macau to Portugal), in Brussels (The Economic and Commercial Delegation of Macau to the European Union) and in Geneva (Macao Economic and Trade Office to the World Trade Organization), the Office of the Macao Special Administrative Region in Beijing, as well as The Economic and Cultural Delegation of Macau in Taipei, Taiwan. Their main functions are dealing with

⁴¹⁶ Source: Macao SAR Government website: <https://www.gov.mo/zh-hant/about-government/apm/apm-entity-index/> Accessed on 6th March, 2019.

Macao's overseas affairs (except for Beijing and Taiwan offices, which although are outside of the Macao SAR's borders, they are inside China's territory). Therefore, the delegation offices above are categorized as external and overseas stationing offices.

All overseas stationing offices for Macao's economic affairs have their own specific roles and functions, though they all represent and protect Macao's overseas interests, including civil and cultural. However, their primarily functions are building up trade and business tunnels between Macao and overseas or external regions, which can be observed simply from the name of those offices. For example, the Economic and Commercial Delegation of Macao to Portugal in Lisbon⁴¹⁷; the Economic and Commercial Delegation of Macao to the European Union in Brussels⁴¹⁸; the Macao Economic and Trade Office to the World Trade Organization in Geneva⁴¹⁹. Regarding the offices in Europe, multiple interview requests have been made to the aforementioned offices whilst the author was doing research at the University of Lisbon in Lisbon, Portugal in the Fall of 2018. Nearly all government offices have used a 'passive' and 'conservative' way in taking care of external interview requests and therefore declined, as it seemed they were concerned about taking interviews which may 'damage' their jobs, stating that being interview probably was not in their 'best interest'.

⁴¹⁷ Several attempts have been made for an academic interview with the office's official in Lisbon, however, after a few e-mail exchanges, the author received no further response from that office's staff member.

⁴¹⁸ The office in Brussel is a small-team unit, with only two administrative staff members and one director of the office, the latter is also the director of the economic office in Lisbon at the same time. The expertise of the administrative staff members was unclear, but it was known that they have Belgium 'green card' and also who happened to be Macao residents.

⁴¹⁹ Interview request was sent to the office in Geneva and received response, however, the author was told that the director of that office was on holiday.

Without access to first-hand data through in-person interview from Macao officials, analysis can still be made via their public information and cross-referencing based on in-person interviews with other professionals, as it is nearly impossible for them to operate against their offices' mission and vision. In regarding each delegation office's own specific role and function, normally they can be revealed through the offices' specific missions and visions. For example, the Economic and Commercial Delegation of Macau (DECM) in Lisbon (established in 2000), its official statement states that⁴²⁰:

The Economic and Commercial Delegation of Macau (DECM), in Lisbon, is a representation service of the Macao Special Administrative Region, **responsible for the defense of Macau's interests and promotion of Macau.**

The contribution to the strengthening of the existing ties between the Macao Special Administrative Region and Portugal, in particular as **regards the protection of Macao's interests in Portugal and the promotion of the economic and commercial interests of the Macao SAR to public**, Portuguese or headquartered in Portugal, is one of the central tasks of the Macao Economic and Trade Office in Lisbon.

It is also the responsibility of DECM to disseminate the social and cultural realities of the MSAR in Portugal and to support the development of cultural and tourist exchange between the two.

As a representation service of the Macao Special Administrative Region in Portugal, the Economic and Commercial Delegation of Macau is also responsible for supporting the training of local staff in Portugal and the collaboration with Portuguese public or private bodies in the training of local staff to be held in Macao.

Likewise, **DECM is the entity dedicated not only to support public officials and public or private entities of the Macao Special Administrative Region, or with interests in the Region,**

⁴²⁰ The Economic and Commercial Delegation of Macau (DECM) in Lisbon, "Who we are", webpage: <http://www.decmaacau.pt/pt-pt/content/quem-somos.html> last updated unknown, accessed on 5th Dec 2018.

but also to provide support in the areas of logistics and documentation to the Government of the Macao SAR.

As a representative entity of Macao SAR, the Economic and Commercial Delegation of Macao fulfills the provision of support services for the issuance or renewal of resident documents of Macao SAR.

Furthermore, for the economic and trade office of Macao SAR to the World Trade Organization (WTO) (established in 2003), on its official website it states as the following:

“The office represents the Macao Special Administrative Region (MSAR), **promotes and handles economic and trade relations and cooperation between the MSAR and WTO members.**

The role of the office is to represent the Macao SAR in the WTO and among its members; follow up on the management and enforcement of multilateral and plurilateral agreements and related legal documents signed by the MSAR within the WTO framework.

With support from the Macao Economic Services and other Government departments of MSAR, **it follows up on relations and negotiations with the WTO members and other economic and trade organizations, and directly defends the interests of the MSAR;** promotes the economic and trading profile of Macao in the WTO and among its members; strengthens existing ties between the MSAR, the WTO and its members; to **promote, within the WTO, the economic and trade relations between the MSAR and the WTO members;** collects and handles all information about the WTO and its members which is conducive to the MSAR; and, **within its scope of responsibilities, undertakes special work of projects assigned by the Chief Executive.**”⁴²¹

As we can see, the Macao SAR government’s overseas delegations’ offices’ jobs and responsibilities cover a comprehensive range of areas. They are not only promoting and protecting the Macao SAR’s interests as a whole, but also act as a reinforcement

⁴²¹ Macao Economic and Trade Office to the World Trade Organization, “Who we are”, webpage: <http://www.macaoeto.ch/en/index.php> last updated unknown, accessed on 5th Dec, 2018.

of Macao SAR's outreach to overseas countries and regions when it is needed by the Macao SAR government. So it is a two-way flow of duties and missions for these overseas delegation offices of the Macao SAR Government. On the one hand, it protects and promotes the Macao SAR's domestic interest, while also providing reinforcement when there are projects or tasks to be assigned by the Macao SAR government.

Moreover, analysis can be indirectly approved by interviewing experts and senior observers in this regard. Putting aside the profiles of these offices, these Macao SAR government overseas offices in Europe have actually received many criticisms from academic and media sectors, for not 'actively promoting' Macao and 'being too quiet' in Europe.

Macao former government official Sales Marques said that the offices of the Macao government set up in Europe are working in more of a "discreet" fashion, with a very quiet and low profile working style, acting more as a "follower" to the initiatives in the EU.⁴²² Regarding these overseas offices of Macao in Europe, Sales Marques pointed out the following⁴²³:

Macao has somewhat "discreet" relations with international organizations such as the WTO for example. Because there is not much public information to know that what Macao is doing in the

⁴²² In-person interview with Dr. José Luís de Sales Marques in June, 2019, in Macao.

⁴²³ In-person interview with Dr. José Luís de Sales Marques in June, 2019, in Macao. Sales Marques and Prof. Song Weiqing are both experts on Macao-EU relations. Mr. Harald Brüning has also agreed this argument, as a senior editor and observer in Macao local media sector for Macao news, he said it was seldom to hear any news from these offices stationed in Europe, based on in-person interview with Mr. Harald Brüning in Macao in June, 2019.

WTO, also the delegation of economic offices in Europe. Even in the EU, I think Macao is being quite “discreet” and “quiet”, as Weiqing Song has described it, Macao is “more like a follower”, I agree with him. Macao is being quite “discreet” in terms of EU relationship for the most of the time, and its reactions to issues raised by the EU.

Except for one case in 2017, the Macao SAR government worked ‘actively’ to an issue raised by the EU. In 2017, Macao was listed as being a “tax haven” for escaping tax after the European Union highlighted the “blacklist of 17 tax-avoidance havens”,⁴²⁴ Following this the Macao SAR government worked actively to be removed from the list through strenuous efforts, after being shown on the “tax heaven list” for about three months.⁴²⁵

Though not in an active state, the overseas offices and institutions of the Macao SAR government represent a part of Macao’s economic external affairs, but not all. When we look at the Macao SAR’s economic external affairs, perhaps also including cultural external affairs, we would also need to look at it from two perspectives. The first one being, the Macao local governmental mandate, which has commanded the Macao SAR government to establish overseas economic and trade delegation offices in Europe and elsewhere. From this perspective, the command was given at the start of this century, shortly after the return of Macao from its former colonial power. After decades of operation, the offices are in a relatively ‘mature’ or ‘routinely’ stage, and share no great difference when compared with offices from other countries and regions in the

⁴²⁴ Shirley Zhao, "Macau Denies It Is Tax Haven after European Union Puts It on Blacklist of 17 Tax-Avoidance Havens, Spokesman for Macau Government Called Blacklisting ‘Unilateral and One-Sided’," *South China Morning Post*, 6 December 2017.

⁴²⁵ In-person interview with José Luís de Sales Marques in June, 2019, in Macao.

same entities. As the offices of Macao government in Europe they simply follow the international working norms and regulations, like their counter part offices from other countries and regions in the world working in the same international organizations. For example, when comparing Macao's economic and trade office to the World Trade Organization to South Korea or Portugal's trade offices in the WTO, over nearly two decades, the works of those offices of Macao have been developed in a much more 'mature' status than the other two delegations from other countries. In the case of Macao, the delegates participate routinely in discussion on economic and trade affairs with other delegates on the same platform. This can be seen from records of meetings made available to the public⁴²⁶ Nevertheless, the major difference of Macao delegation offices in Europe is that this is legalized by the Macao Basic Law under the framework of "One Country, Two Systems", which allowed the Macao SAR as well as the Hong Kong SAR to remain and to operate continuously in the overseas upon their return to China's administration from their previous colonial powers, while operating under the names of "Macao, China", and "Hong Kong, China".

Whereas the second element, would be considered to be a political mandate from a superior level of government. In other words, political authorization from the central government of China, authorizing and giving permission to Macao to participate in external economic affairs, in line with China's national grand strategy. In this case, political mandates such as Forum Macao, the Belt and Road Initiative (BRI), and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) project would be three good cases to discuss. There are some key similarities and differences among these

⁴²⁶ See "Trade Policy Review, Macao China, Minutes of Meeting", World Trade Organization, WT/TPR/M/181, 12th June, 2007.

economic external activities. In the first instance, they are all considered to be the Macao SAR's economic external affairs, sharing similar missions, in order to promote and protect the Macao SAR's interests with associated parties. Related Macao governmental offices, institutions and bureaus are involved in the missions. Nevertheless, the key differences are the directions and dimensions of external economic work.

7.3.2 Macao's Local Offices for External Affairs

In terms of Macao local offices for external economic affairs, there are two major governmental bodies that deal primarily with this field of affairs. One is the Macao Economic Bureau (DSE), which is one bureau of the Macao SAR Government, which has the responsibilities for "assisting the government in the study, formulation and implementation of economic policy in the areas of economic activity and intellectual property, as well as in other responsible areas stipulated by law".⁴²⁷ According to its official website, the DSE is primarily involved in eleven duties, as follows⁴²⁸:

1. To assist in the study and formulation of economic policy within the scope of its duties, as well as to study, formulate and **implement measures favorable to the moderate diversification of economy** and the promotion of industrial and commercial development within the MSAR's economic policy;
2. To **issue licenses for foreign trade operations**, manage the quantitative restriction systems on foreign trade operations and issue, in accordance with law, certificates of origin of the Macao SAR;
3. To **plan and coordinate the Macao SAR's participation in economic cooperation organizations and forums**, as well as to

⁴²⁷ "Mission&Duties," ed. Macao Economic Bureau (DSE) (Macao SAR: Macao SAR Government, 2018).

⁴²⁸ Ibid.

- ensure, within the scope of its activities, implementation of commitments undertaken;
4. To **assist and participate** in the works referred to in the previous paragraph that are, though not within the scope of its duties, of economic nature;
 5. **To assist in the formulation** of policies regulating intellectual property and in the implementation of the related work;
 6. To **issue** industrial establishment licenses and compile the industrial register, as well as to exercise the related supervision;
 7. **To issue** licenses to businesses conducting trade of fuel products, transshipment businesses, tax warehouses, duty-free shops and other non-industrial establishments whose licensing is, by law, a duty of the DSE, **and exercise** the related supervision;
 8. To **enforce** the consumption tax regulation;
 9. To **monitor** compliance with legal provisions regulating the manufacturing processes of articles produced in the MSAR and with other economic legislation;
 10. To **promote and maintain a fair business environment**;
 11. To perform other tasks stipulated by law or instructed by superior.

Apart from the DSE, one other major local bureau for dealing with economic external affairs is the Macao Trade and Investment Promotion institution (IPIM), which is responsible for “assisting the Chief Executive in researching and formulating economic policies regarding the promotion of external co-operation, introduction of investment, convention and exhibition industry, economic and trade co-operation between China and Portuguese-speaking countries and offshore services, also in applying conducive measures to promote the implementation of these policies.”⁴²⁹

The IPIM’s Vision and Mission are closely related to promoting Macao’s external trade relations and attracting overseas investment to Macao from the rest of the world⁴³⁰:

⁴²⁹ "Mission & Objective," ed. Macao Trade and Investment Promotion Institute (IPIM) (Macao SAR: Macao SAR Government, 2018).

⁴³⁰ Ibid.

Vision:

To **promote external trade and attract investment**, develop and strengthen **economic and trade relations between Macao and the rest of the world**.

Mission:

With a series of effective quality services, IPIM aims to **assist both local and overseas enterprises to achieve business goals** in a competitive market, obtain information, understand the current market trends and grasp business opportunities.

As we can see, the DSE and IPIM are operating as bureaus of “implementing” units, as their duties frequently involved key words such as ‘to assist, plan, issue, enforce, monitor and promote’ missions and duties which are passing by other offices and institutions, as well as mandates from higher governmental bodies. Therefore, as Macao SAR’s local offices, the DSE and IPIM’s roles are to execute Macao’s external affairs and implement, assist and follow mandates from the central government.

7.3.3 Special Committees for Economic External Affairs

Apart from Macao’s overseas representative offices, the Macao Economic Bureau (DSE), the Macao Trade and the Investment Promotion institution (IPIM), Macao also has three special committees: Forum Macao, the Belt and Road Initiative (BRI) Project, and the Guangdong–Hong Kong–Macao Greater Bay Area (GBA), namely they are responsible for the Permanent Secretariat of Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao); the Working Committee for the Construction of the Belt and Road Initiative (CTCFR) for the BRI project; and the Working Committee for the Construction of Guangdong–Hong Kong–Macao Great Bay Area (CCGBA) for the GBA development, respectively.

The Permanent Secretariat of Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao), is led by the Secretary-General, Xu Yingzhen, who was appointed by the central government, and three Deputy Secretary-Generals, who were appointed by the central government (Ding Tian), by Portuguese-speaking Countries (Rodrigo Brum) and by the Macao SAR Government (Casimiro de Jesus Pinto) respectively. Other officials of the Permanent Secretariat are from other Portuguese-speaking countries⁴³¹, which together form a team for Forum Macao.

The Working Committee for the Construction of the Belt and Road Initiative (CTCFR) for the Belt and Road Initiative project, was formed in early 2017⁴³², led by the Chief Executive Chui Sai On, with committee representatives from other Macao SAR Government and department bodies. The CTCFR has the mission of participating and contributing to the construction of the BRI project: currently it is the central governmental entity in making decisions for the Macao SAR to participate the BRI project in Macao.⁴³³

⁴³¹ "Structure," ed. Permanent Secretariat of Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao) (Macao SAR: Macao SAR Government, 2018).

⁴³² "Working Committee for the Construction of Belt and Road Initiative, ["Yidai Yilu" Jianshe Gongzuo Weiyuanhui]," ed. CTCFR (Macao: Macao SAR government, 2017).

⁴³³ Ibid.

The Working Committee for the Construction of Guangdong – Hong Kong – Macao Great Bay Area (CCGBA) was formed in late 2018,⁴³⁴ led by the Chief Executive Chui Sai On, the committee also involves representatives from other Macao SAR Government and department bodies. The CCGBA has the mission of coordinating the general plans and preparing short, medium, and long-term preparatory work for the Macao SAR in constructing of the GBA project. Also, to promote studies related to respective policy strategies, to prepare the annual work programs and supervise its implementation, and to issue guidelines and instructions on the activities to be carried out.⁴³⁵

As we can see, the special committees discussed above have direct political mandates from the central government, therefore, they enjoy a higher degree of power and access in participating and ordering in their own respective commissions, compared with other levels of governmental bodies mentioned earlier. Moreover, this chapter will further discuss three cases involving the Forum Macao, the BRI project and the GBA project respectively, to examine the Macao SAR's power in economic external affairs.

7.4 Forum Macao

The full name of Forum Macao is “[T]he Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries (Macao)”. According to the Forum Macao official website, the “Forum” is defined as “a multilateral and

⁴³⁴ "Working Committee for the Construction of Guangdong – Hong Kong – Macao Great Bay Area [Jianshe Yuegangao Dawanqu Gongzuo Weiyuanhui]," ed. CCGBA (Macao: Macao SAR government, 2018).

⁴³⁵ Ibid.

intergovernmental mechanism for cooperation, the creation of the Forum was simulated by the central government of China, with the coordination of seven Portuguese-speaking countries (São Tomé and Príncipe joined the Forum at a later point) and Governmental collaboration of Macao Government”, and the latter as China’s special administrative region of the People’s Republic of China.⁴³⁶ Therefore, currently, including São Tomé and Príncipe⁴³⁷ there are nine member countries. The others are Angola, Brazil, Cape Verde, China, Guinea-Bissau, Mozambique, Portugal, and East Timor.⁴³⁸

7.4.1 Before Forum Macao, the CPLP

Before the establishment of Forum Macao, the Portuguese Speaking Countries had a forum of their own, called the Community of Portuguese Speaking Countries (CPLP, Comunidade dos Países de Língua Portuguesa) which was founded in 1996. According to the CPLP official website, the idea of the CPLP was born from the “idea of creating a community of countries and peoples that share the Portuguese language - nations united by a historical heritage, common language and a shared vision of development and democracy - has been dreamed by many throughout the ages”.⁴³⁹ The CPLP considers itself as a new political project whose base is the language of Portuguese, along with an historical bond that “constitute a geographically discontinuous space, but identified by the common language.”⁴⁴⁰ The general objectives of the CPLP are

⁴³⁶ "Forum Macao".

⁴³⁷ São Tomé and Príncipe joined the Forum in March 2017, after the country cut its diplomatic relations with Taiwan. Ibid.

⁴³⁸ Ibid.

⁴³⁹ "History - How Did It Come About?," Comunidade dos Países de Língua Portuguesa, <https://www.cplp.org/id-2752.aspx>.

⁴⁴⁰ Ibid.

“political concentration and cooperation in social, cultural and economic fields.”⁴⁴¹

Macao, on the other hand, was the last Portuguese overseas territory before its return to China’s administration in 1999. Though the language of Portuguese is still one of the official languages in Macao, only a tiny portion of the local population (primarily the Macanese community) applies the language on a daily basis. In 2006, during the second Ministerial meeting between China and Portuguese-speaking counties (PSCs), the CPLP official attempted to invite the Macao Government as an Associate Observer status for the CPLP, but the CPLP still has not received any official responses yet.⁴⁴²

The reason as to why Macao did not join the CPLP in the early state would be that, even though the CPLP was established in 1996, the negotiation between China and Portugal over the matter of the return of Macao had begun already. Diplomats of China had foreseen a problem if Macao joined the CPLP whilst Sao Tome and Principe of the CPLP had diplomatic relations with Taiwan, which was against China’s diplomatic fundamental rule. Therefore, it was impossible for Macao to apply for the CPLP’s membership even as an observer. As neither China or Macao sought membership from the CPLP, they did not even respond to aforementioned invitation to Macao to become an observer to the community.⁴⁴³ On the other hand, China has been reluctant to agree to the view that Macao was colonized by Portugal, but would rather see it as an

⁴⁴¹ Ibid.

⁴⁴² "Community of Portuguese Language Countries," News Directory World News Headlines, https://dir.md/wiki/Portuguese-speaking_countries?host=en.wikipedia.org.

⁴⁴³ The members of the CPLP are former Portuguese colonials which have gained their independence and became states, after the Carnation Revolution in Portugal in 1974. Macao is not a country, it is a region of China, therefore politically speaking, Macao cannot join the CPLP, however Macao still has not responded the CPLP’s invitation as an associate observer.

occupation by the Portuguese. Another reason could also be that since Macao's return to China in 1999 was based on negotiation between the two nations, China did not want Macao to join another organizational where all the members were Portuguese former overseas colonies.

7.4.2 Not CPLP, But Forum Macao

Despite not joining the CPLP, China had its own plan to establish a platform or a base on China's territory from which to build closer relations between China and the Portuguese Speaking Countries (PSCs), the outcome being to establish the Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries (Macao). Also known as Forum Macao. The Forum Macao operates with the aim to "prompting trade and economic ties between China and the Portuguese-speaking countries and to use Macao as a platform".⁴⁴⁴ According to the Secretary for Social Affairs and Culture of the Macao SAR Government, Alexis Tam Chon Weng, the purpose of establishing the "Commercial and Trade Cooperation (Services) Platform between China and Portuguese-speaking Countries", as an important plan and positioning of the country with regards to the Macao Special Administrative Region, is a strategic goal to be carried out and developed by the Macao SAR. A goal which, for its implementation and fulfilment, must be nourished and promoted by a humanistic spirit."⁴⁴⁵

⁴⁴⁴ "External Relations."

⁴⁴⁵ "Encounter in Macau, Arts and Cultural Festival between China and Portuguese-Speaking Countries," Cultural Affairs Bureau, <http://www.icm.gov.mo/fcp/2018/EN/>.

There have been a number of reasons for the central government and the Macao SAR government deciding to establish the Macao Forum. One is to strengthen China and Macao's connections with the Portuguese-speaking countries, and to strengthen China's competition with the CPLP, since previously São Tomé and Príncipe had diplomatic connection with Taiwan, therefore it was politically impossible for the Macao SAR to join the CPLP even as an observer. Another reason was because of, according to Matias, "summitry is a good way to prevent potential adversities to coalesce against China. Multilateral meetings enable China to emerge as a responsible and generous partner that symbolically brings all the countries on the stage at the same level".⁴⁴⁶ So the arrangement of Macao Forum has been considered a special route for the established sophisticated diplomatic relations with the CPLP countries. As Ian Storey and Loro Horta have pointed out that⁴⁴⁷:

Have relations with CPLP members is hardly unique, but China's methods are quite farsighted, attesting to the increasing sophistication of Chinese diplomacy. Unlike other powers who have engaged in close relations with particular CPLP countries – but had little or no interaction with other members – China not only connects with the various CPLP nations on a bilateral basis but also as a group.

Moreover, the Forum Macao is considered as the most successful external activity for Macao in the eyes of many political commentators. Since the BRI and the GBA projects have just started, more time for observation is still needed. On the other hand, the Forum Macao has been operating for more than a decade, it has significantly

⁴⁴⁶ Jose Carlos Matias, "Macau, China and the Portuguese Speaking Countries," in *"Inside/Outside: 60 years of Chinese Politics"*, Hong Kong Political Science Association 2009 (Hong Kong, China 2009), 19.

⁴⁴⁷ Commented by Ian Storey and Loro Horta in "Macau, China and the Portuguese Speaking Countries," in *"Inside/Outside: 60 Years of Chinese Politics"* (Hong Kong, China: Hong Kong Political Science Association, 2009), 18-19.

contributed to Macao's external economic affairs, and its unique role which the Forum Macao possesses is something that even the Hong Kong SAR does not have. In this regard, senior journalist and editor Harald Brüning pointed out the following⁴⁴⁸:

The biggest success Macao has had is the Forum Macao. Nowadays it is not just economic relations, now it is also cultural relations, people-to-people relations, so the platform has become even wider. It is good for Macao, as Macao can play a useful role in conducting the ties among China, Macao and the PSCs, which is an accomplishment for Macao. It is something that HK does not have, which is very important to point out. Because Hong Kong could be a platform for relations with the English-speaking countries or with the Common Wealth world. But HK doesn't have that role, there is no such forum. Maybe they thought there was no need for one, also, Hong Kong 's main role is to be a financial center, which Macao doesn't have. On the other hand, Macao is examining the possibility of having a security and bonds market in Macao. Macao in that sense has a role to play whereas Hong Kong does not have. Hong Kong does not have this kind of role in promoting the relations between China and the English-speaking world.

Apart from the ties between China, Macao and the PSCs, the Forum Macao has also been contributing to the domestic Macao society, based on Brüning decades of observation of Macao, he underlined that⁴⁴⁹:

As an accomplishment of Macao, the Forum Macao has elevated Macao's image and its status internationally. Because Macao has an image problem, in a way, the gaming industry, as the gaming in many countries is prohibited by law, including the mainland China. By having this forum (Forum Macao), Macao could improve its image, also to show that it (Macao) is useful to the nation. Hong Kong is useful to the nation because of its stock market and financial sector.⁴⁵⁰ So how could Macao be useful to the nation, I think through the forum (Forum Macao). To be a gambling city, Macao is something could be potentially negative as a city, like Las Vegas. So

⁴⁴⁸ In-person interview with Mr. Harald Brüning in Macao in June, 2019.

⁴⁴⁹ In-person interview with Mr. Harald Brüning in Macao in June, 2019.

⁴⁵⁰ Also see Mendes, "The Implications of the Special Administrative Regions for the Internaitonal System: Macao as a Successful Case Study," 217.

the forum (Forum Macao) gives a cover up and also gives Macao something else to do.

7.4.3 Forum Macao in Operation

So far it has been more than a decade since the Forum Macao started its mission. Looking back from Macao's colonial history by the Portuguese, upon Macao's return to China's administration in 1999, the Chinese government decided to maintain Macao's cultural, linguistic and cultural ties with the Portuguese speaking countries, for the interest of promoting China's diplomatic outreach to other countries. Forum Macao has become a heated issue in the last decade, with more and more cooperation and trade have been invested by businessmen and governmental organizations from both China and the Portuguese Speaking Countries (PSCs), Macao has become a reception for both parties. And with the development of the Forum Macao, it is now not only a business and trade platform, but also as a cultural link for making the cultural exchanges between Macao and the PSCs, which have been added to Forum Macao, with the emergence of a series of cultural events, such as "Cultural Week of China and Portuguese-speaking Countries", the "Lusophony Festival" and the "Macao, Latin City Parade".⁴⁵¹

According the Forum Macao official website, the Forum is a "multilayer, intergovernmental co-operation mechanism aimed at promoting economic and trade exchanges between China and Portuguese-Speaking Countries, by using Macao as a connecting platform between those places".⁴⁵² There are five Forum Macao

⁴⁵¹ "Cultural Exchanges between China and Portuguese-Speaking Countries," ed. Permanent Secretariat of Forum Macao (Macao, China: Forum Macao, 2018).

⁴⁵² "Forum Macao".

Conferences on Ministerial level had been held, and all of them were met in Macao, in 2003, 2006, 2010, 2013 and 2016. Throughout the meetings, areas of intergovernmental co-operation have been discussed and signed and policies were put forward, Those also included: “trade; investment and entrepreneurship; production capacity; agriculture; forestry; fisheries and livestock; infrastructure; energy and natural resources; education and human resources; finance; development co-operation; tourism; transport and communication; culture; media; sports; health; maritime affairs; and co-operation among provinces and municipalities.”⁴⁵³ Furthermore, the 6th ministerial meeting of Forum Macao had been postponed until 2020. The Forum has been active for 15 years, with ministers gathering every three years in Macao. The alleged reasons for the delaying the ministerial meeting was thought to be due to the Chief Executive Election in 2019 and the 20th anniversary of Macao’s return to mainland being too close to the ministerial meeting period and creating too much work for the government to carry out.⁴⁵⁴

7.4.4 The Specialties of Forum Macao

Forum Macao, it stands out from all similar social-cultural and economic multilateral platforms that are operating in China, including the Shanghai Cooperation Organization (SCO), the Forum on China-Africa Cooperation (FOCAC). This is due to its specialty. For Forum Macao, the Ministry of Commerce acted as a leading role, together with the Macao government, sharing the funding and logistics to promise the success of the forum. Unlike Forum Macao, all other multilateral forums are the

⁴⁵³ Ibid.

⁴⁵⁴ "Forum Macau Ministerial Conference Postponed to 2020," *Macau Daily Times* 2018.

products of the Ministry of Foreign Affairs (MFA). Therefore, Macao has found a “niche” in China’s inter-state diplomacy with its “soft-of” sovereignty that Beijing found and carefully utilized,⁴⁵⁵ which further allowed Macao “an increasing external autonomy enable by China’s blessing”.⁴⁵⁶

In order to increase the capabilities of Macao Forum, the central government has authorized the Macao SAR not only to be the host of the ministerial meeting of the Macao Forum, but also to be the Permanent Secretariat. As a result, the Chinese government and the Macao SAR authorities have portrayed the Macao Forum as a platform for cooperation between China and Portuguese Speaking Countries.⁴⁵⁷ The Forum Macao therefore has boosted the Macao SAR’s international standing with new and wider global connections beyond just East Asia and Portugal on the continent of Europe. This opens up possibilities for Beijing to engage in “Track 2 diplomacy” via unofficial exchanges with the Lusophony world through Macao SAR.⁴⁵⁸ More importantly, the role of Macao for the Forum Macao has opened a door and provided a useful platform for China to build a close connection with the PSCs in various sectors, such as business, trade, investment, and cultural exchanges.⁴⁵⁹

⁴⁵⁵ Cathryn H. Clayton, "Macau's 'Sort-of Sovereignty'," *The Focus* 2013.

⁴⁵⁶ Eilo Yu Wing-Yat, “‘Macao’s One Country, Two Systems’: High Autonomy or intervention’, in Ray Yep (ed.) *Negotiating Autonomy in Greater China: Hong Kong and its Sovereign Before and After 1997*. Copenhagen: Nordic Institute of Asian Studies, 2013, 207-241 in Li, 1288.

⁴⁵⁷ Matias, "Macau, China and the Portuguese Speaking Countries," 5-6.

⁴⁵⁸ Li.

⁴⁵⁹ Though the role of Macao in Forum Macao sometimes suffer criticism, as Macao seems to have ‘nothing to do’ with the trade between China and the PSCs over the platform of Forum Macao. In-person interview with Dr. José Luís de Sales Marques in June, 2019 in Macao.

7.5 Belt and Road Initiative Project⁴⁶⁰

7.5.1 BRI in the World

The Belt and Road Initiative (BRI) (also known as “One Belt and One Road”) is composed of two parts, or two ‘roads’, namely the Silk Road Economic Belt (Sichou zhilu jingji dai) and the 21st Century Maritime Silk Road (21 Shiji haishang sichou zhilu). The Silk Road Economic Belt refers to the overland routes for rail and road transportation of goods; whereas, the 21st Century Maritime Silk Road refers to the routes over sea, established in order to re-strengthen the Chinese ancient maritime silk road, hence the title of the 21st Century Maritime Silk Road. The BRI project was initially called, “One Belt One Road” in English until 2016, when the central government realized that the old project name “One Belt One Road” had numerous misinterpretations in English with many partners tended to focus too much on the term “one”, assuming that “there is to be only maritime route and a single land belt”. The obvious fact that the BRI project aims to connect Asia, Europe, Africa as well as Latin America, prompted the official change of the project’s name being converted to the BRI for better clarification.⁴⁶¹

In China, the development plan of the BRI has been commissioned to the nation’s domestic subnational government in different regions, such as the Northwest Region,

⁴⁶⁰ Significant portion of contents of this section has been published in the book of “*The Belt and Road*” and *Macau’s Development* published in 2018 Co-authored with Prof. Jianwei Wang.

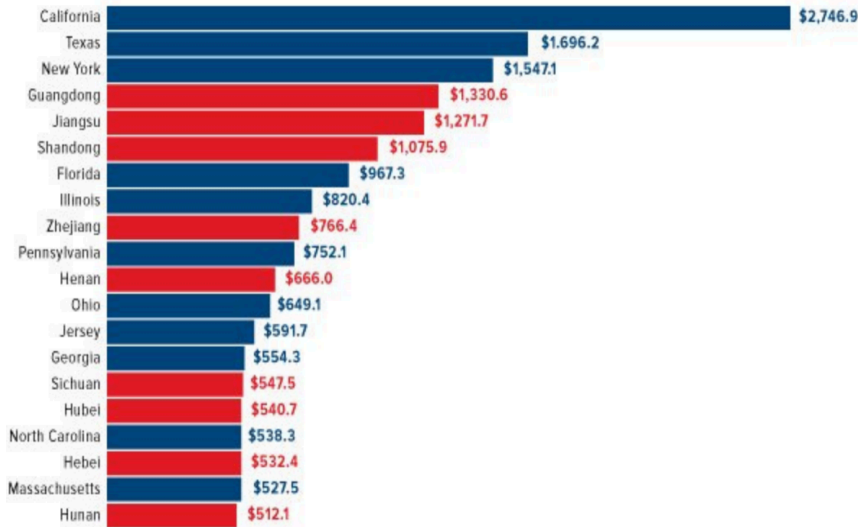
⁴⁶¹ Una Aleksandra and Berzina Cerenkova, "Bri Instead of Obor – China Edits the English Name of Its Most Ambitious International Project," Latvian Institute of Internaitonal Affairs, <https://web.archive.org/web/20170206061842/http://liia.lv/en/analysis/bri-instead-of-obor-china-edits-the-english-name-of-its-most-ambitious-international-project-532>.

Southwest region, the Central, Coastal and the two SARs. For example, as Guangxi Zhuang Autonomous Region, and Yunnan Province are close to the southwest border of China, the central government has commissioned them to participate in affairs related to the Association of Southeast Asian Nations (ASEAN); Xinjiang Uygur Autonomous Region is tasked to take care of affairs related to the Central Asia; while Sichuan Province as well as Tibet would take care of South Asia affairs; Provinces of Heilongjiang, Jilin, and Liaoning are commissioned to strengthen their cooperation with Russia, Japan and South Korea as well as North Korea. All of these subnational governments have played positive roles in their respective external affairs.⁴⁶² Not only have the Chinese provincial governments received political mandates from the central government for their related external affairs or diplomatic missions, but also most of these Chinese provinces have achieved economic success making some of them comparable to states in the US. The following figure indicates the ranking of the regional GDP of Chinese Provinces and U.S. states upon official exchange rates' calculations in 2017.

⁴⁶² Degang Sun, "On New Era of China's Overall Diplomacy to the Middle Eastern States, [Lun Xinshiqi Zhongguo Dui Zhongdong Guojia De Zhengti Waijiao]," *Global Review 2* (2017). in Jialong Yang, "Chinese Provinces as Foreign Policy Actors in the Middle East," in *The 5th "China and the Middle East and North Africa" Conference* (Shanghai, China: Insititute of Global Studies, Shanghai Unviersity, 2019).

Team China vs. Team USA

Here Are How The Regional GDPs of Chinese Provinces and U.S. States Stack Up, Using Official Exchange Rates
Billion U.S. Dollars



Note: Regional GDP as of 2017 and subject to revision; assumed conversion rate was 6.755 Chinese Yuan = 1 U.S. dollar, the daily average official foreign exchange rate between January 1, 2017 – December 31, 2017. Showing top and bottom 20 regions

Source: Bloomberg, BEA, IMF, U.S. Global Investors

Figure 4 Regional GDPs of Chinese Provinces vs. US States⁴⁶³

Therefore, each region or each China's regional subnational government takes care of its related aspect in order to contribute to the building of the BRI project for the nation, by utilizing their own advantages. For instance, Macao as a China's subnational government in the form of a Special Administrative Region (SAR), compared with other regions in China, has the advantage in that Macao and the Portuguese Speaking Countries (PSCs) have close cultural and historical ties, as well as Macao's historical and geographical advantages for being a key starting point for the ancient maritime silk road. With the Portuguese settlement in Macao, for over four centuries, Macao has

⁴⁶³ "Team China vs. Team USA", Source: Bloomberg, BEA, IMF, U.S. Global Investors, retrieved from: <https://twitter.com/usfunds/status/1034216527527071745> accessed on June, 6th 2019.

become a key point for maritime silk road and its influences are lasting until nowadays.⁴⁶⁴

7.5.2 Macao's Participation in the BRI

The Macao SAR's participation to the BRI has been outlined for the first time in early 2015 in a governmental document jointly issued by the National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs (MFA) and the Ministry of Commerce (MOFCOM) of the State Council.⁴⁶⁵ In late 2016, the Macao SAR was officially assigned its mission to contribute and participate in the development of the national strategies of the BRI, when the Chief Executive Chui Sai On was reporting the government work to the President Xi Jinping in Beijing. This marked the official commencement of the Macao SAR's membership participating in the BRI. From then, the BRI project has become a hotspot for Macao to study and conduct research on the strategies and plans to participate and contribute China's Belt and Road Initiative.

The Macao SAR Government highly regards the importance and meaning of Macao's participation in the BRI project. In 2016, Macao government had written the BRI project into the local Five-Year Development Plan (2016-2020) stating that the BRI project had become a priority of the SAR government's strategy to drive Macao into a world center of tourism and leisure, using this initiative to moderately diversify the

⁴⁶⁴ Jianwei Wang and Jialong Yang, "Constructing a 'People-to-People Bond' Platform between Macao and Portuguese Speaking Countries, [Nuli Dazao Aomen Yu Puyu Guojia Zhijian 'Minxinxiangtong' De Pingtai]" in *"The Belt and Road" and Macau's Development* (2018).

⁴⁶⁵ "Belt and Road, a Priority for Macau," *Macau News* 2017.

local economy. In the local government's Five-Year Development Plan, the Macao SAR government has clarified that the Macao SAR would actively participate in the BRI project, and actively coordinate with the national grant development strategy to promote Macao's role and capabilities of the nation's economic development and to open up further reform in the mainland's market.⁴⁶⁶

The Macao SAR government has also created a special working group and gathered expertise in terms of Macao's participation in the BRI project. As aforementioned, the special committee named the Working Committee for the Construction of Belt and Road Initiative (CTCFR) was formed in the beginning of 2017 with direct leadership of the Chief Executive Fernando Chui Sai On. The CTCFR's mission is to assist the Macao SAR government to contribute to the construction of BRI, as well as to conduct research on related policies, and outline the short, medium, and long term development plan for the BRI project.⁴⁶⁷ The CTCFR is considered as the central official in the Macao SAR government in dealing with the Macao SAR 's participate in the BRI project.

7.5.3 Utilizing Macao's Unique Advantages

If we look at other regions of China, there are many ways to participate in the building of the BRI project. The BRI project primarily is composed of the following five key areas:

⁴⁶⁶ "Macao Special Administrative Region Five-Year Development Plan (2016-2020)," ed. Macao SAR Government (Macao SAR Government, 2016).

⁴⁶⁷ Jiazeng Li, "'Aomen Canyu 'Yidai Yilu' Zhanlue De Fangzhen Yu Zhongdian Tantao", [Discussion on Macao's Participation of the Bri Project and Related Strategies], *Administration* 30, no. 115 (2017): 20.

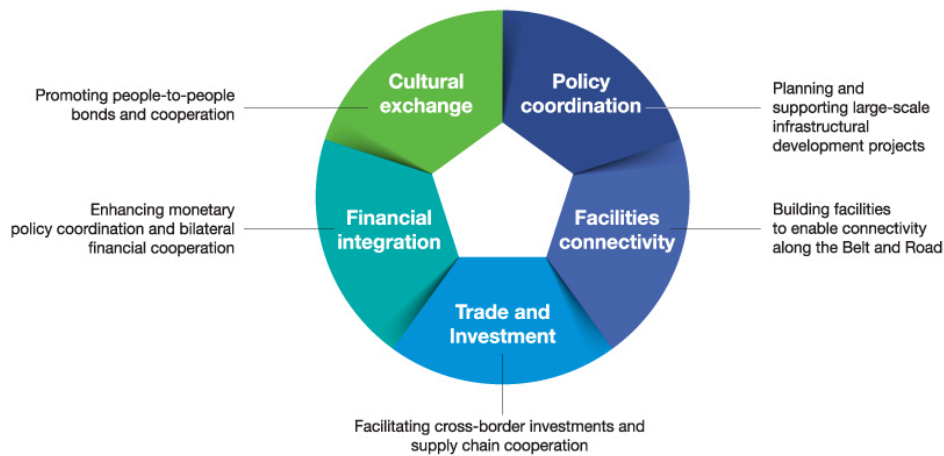


Figure 5 Opportunities in 5 key areas of the BRI Project⁴⁶⁸

Namely the cultural exchange, financial integration, trade and investment and facilities connectivity along with policy coordination. However, the Macao SAR has limited land and sea areas, being a type of micro-economy, without a traditional industrial foundation, therefore Macao would be limited in contributing to the BRI via facilities connectivity and policy coordination, which are designed to provide convenience to the building of infrastructure. On the other hand, however, the Macao SAR has strong resources and great potentials in other elements, such as the cultural exchange; trade and investment and financial integration.

For example, with the cultural exchange, the people-to-people bond does not require significant area of land or related infrastructure resources, on the contrary, based on Macao's historical and cultural characteristics, the Macao SAR has great potentials in

⁴⁶⁸ Figure source: "The Belt and Road Initiative - a Road Map to the Future," ed. Hong Kong Trade Development Council (HKTDC) (Hong Kong SAR Government, 2018).

pulling strings for the people-to-people bond with foreign countries, especially with the general public of the PSCs.⁴⁶⁹ Speaking from a geographical point, Macao has close historical connections with Portugal, as well as with the modern Lusophone world. The Portuguese had stayed in Macao for nearly 500 years and the modern Macao's culture and history have been strongly influenced by the Portuguese. On the other hand, Macao is located on the south coastal line of China, for historical reasons, similar to the ports of Hong Kong, as such Macao ports had been utilized as a transferring point for merchants to transfer goods and commodities from overseas to China's domestic market and the other way around. These historical lines of communications for merchandize had built the foundations for today's people-to-people exchanges. In today's the Macao SAR there are many residents from the PSCs and countries in the South East Asia such as Philippines and Vietnam, still living and working in Macao.

Moreover, in terms of trade and investment, Macao has huge financial potentials in making cross-border investments, based on an interview with Dr. Sales Marques, who pointed out that "the government has been talking about special financing, and Macao has a very huge financial reserve, which is not being applied or used in a productive way, from time to time, the reserve was about 600,000 million patacas (Macao local currency), it is a huge amount of money, if you look at the BRI fund of China, is 50 billion US dollars, and Macao has more than that".⁴⁷⁰ In addition, in terms of making cross-border investment, in this case, to the PSCs, Sales Marques argued that nations of the PSCs have different situations one to another, therefore different policies should

⁴⁶⁹ Wang and Yang.

⁴⁷⁰ In-person Interview with Dr. José Luís de Sales Marques in June, 2019 in Macao.

be considered and applied for better outcomes. He pointed out that there are two types of PSCs, the ‘developed’ ones like Portugal and Brazil, which definitely have a different profile than the other ones like Angola and Mozambique. The latter ones are large PSCs, but also “are very poor, with lots of problems, they need job creation, and industries’ advancement, they need lots of FDI. They should be treated differently based on their own circumstances, and this is something that the Macao government could do”.⁴⁷¹

Apart from building connections and strengthening a people-to-people bond, Macao gradually is being recognized over its contribution via financial market and products. According to the Secretary for Economy and Finance, Lionel Leong Vai Tac another of Macao’s advantage for participating in the BRI project would be local mechanisms such as the “International Forum on Investment and Infrastructure Construction will give Macao a central role when it comes to raising finance”⁴⁷², which would contribute to the BRI project. He also highlighted that the contribution of Macao could include organizing meetings and exhibitions, as well as establishing the “financial viability of infrastructure construction projects and management of equipment consignment processes”.⁴⁷³ Furthermore, Macao can play the “bridging role” in the financial sector,

⁴⁷¹ In-person Interview with Dr. José Luís de Sales Marques in June, 2019 in Macao. Based on the interview, Sales Marques noted that during the period of Portuguese Macao, the Portuguese Macao had an active role in exporting shirts to Portugal’s colonies in Africa, he said that “there was a time that Macao exports shirts to the PSCs. In the 1960s and early 1970s, in Mozambique, the best shirt was from Macao, when people were wearing nice shirt, people would know it was from Macao. When these countries became independent, all of kind of export activities ceased to exist.”

⁴⁷² "Macau Can Play an Important Role in the “One Belt, One Road” Initiative," Macauhub, <https://macauhub.com.mo/2017/03/09/macau-can-play-an-important-role-in-the-one-belt-one-road-initiative/>.

⁴⁷³ Ibid.

enabling projects by grading loans, to further drive the infrastructure project forward.⁴⁷⁴ In addition, Macao has been given the role of developing as a banking platform for renminbi clearance between China the PSCs in 2016 by the central government. Premier Li Keqiang once said that “[T]he establishment of a renminbi clearing center for the Portuguese-language nations in Macao will not only benefit the development of Macao’s financial and trade industries, the development of commodity and service trades will also be strongly supported.”⁴⁷⁵ Premier Li also added that the central government would help Macao in developing “financial leasing” and pointed out that there would be a fund headquarters jointly set up by China and Portugal to drive forward the cooperation between the China mainland’s e-business enterprise and non-banking payment organizations.⁴⁷⁶ So the central government has authorized the Macao SAR to become a renminbi clearance center specifically for the markets of the PSCs ,which helps elevate Macao’s international financial status.

Macao as a China’s special administrative region, has many advantages compared to other subnational governments when participating in the Belt and Road Initiative Project. However, the fundamental advantage of the Macao SAR is its model of the “One Country, Two Systems” principle, which further promotes Macao to establish connections with foreign countries with more flexibilities, which in turn, further strengthened the drive of building the BRI project from a Macao perspective. The

⁴⁷⁴ "Macau Can Play an Important Role in the “One Belt, One Road” Initiative," *Macauhub* 2017.

⁴⁷⁵ Niall Fraser, "Macau to Become a Centre for Yuan Settlement, Chinese Premier Li Keqiang Confirms - the Move Forms Part of Policy to Diversify the Former Portuguese Colony’s Economy Away from Its Reliance on Gambling Revenues," *South China Morning Post*, October 12 2016.

⁴⁷⁶ *Ibid.*

model of “One Country, Two Systems” principle enables the Macao SAR to combine advantages from both sides of the two political systems and utilize them in Macao’s participation in the BRI project. For example, Macao is an international city, possessing close connections with foreign countries, especially with the PSCs and the Southeast Asian countries. As a China’s SAR, operating under the “One Country, Two Systems” principle, Macao is more flexible in making contacts with other nations compared to other subnational governments on the mainland. On the other hand, as a China’s SAR, Macao is located next to Zhuhai, Guangdong Province, whose geographical convenience eased the support from the mainland to Macao, as well as from the central government to Macao. Therefore, the central government and the Macao SAR government could easily reinforce each other, and by coordinating preferential policies, achieve mutual gains via the BRI project. Last but not least, there are numerous benefits that the BRI project could have brought to the Macao society, as it pushes Macao to moderately diversify its local economy, promote the local industry’s transformation and reduce the local industrial dependency on its gaming industry, which has been seen an ‘old problem’ of Macao’s economy.

7.5.4 Political Mandate of BRI

In late 2016 when the Macao SAR’s Chief Executive Chui Sai On vowed to President Xi Jinping that Macao would actively participate in the building of the BRI project, it marked the official start of the Macao SAR’s participation in the BRI project. From this point the BRI has become a political mandate given to the Macao SAR government from the central government. This chapter further argues that as a result of this, Macao has a ‘systematic advantage’ when compared with other subnational

governments of China on the mainland in the same matter. The Macao Basic Law enables the Macao SAR to exercise its external affairs independently with several conditions which have been discussed in Chapter 5. In recent years, President Xi Jinping and Premier Li Keqiang both said that the central government had been supporting the Macao SAR government's administration, and would continually give Macao more preferential policies.⁴⁷⁷ Also the National Development and Reform Commission (NDRC) issued its *Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road* in early 2015, in the "Vision and Actions", where it stated that "[W]e should leverage the unique role of overseas Chinese and the Hong Kong and Macao Special Administrative Regions, and encourage them to participate in and contribute to the Belt and Road Initiative."⁴⁷⁸ It has also pointed out that "[W]e should give full scope to the role of Qianhai (Shenzhen), Nansha (Guangzhou), Hengqin (Zhuhai) and Pingtan (Fujian) in opening-up and cooperation, deepen their cooperation with Hong Kong, Macao and Taiwan, and help to build the Guangdong-Hong Kong-Macao Greater Bay Area."⁴⁷⁹ Therefore, the central government has ruled that building the Guangdong – Hong Kong – Macao Greater Bay Area (GBA) is an important section of implementation along with the BRI project, which is considered to be a dual-way effect, Macao has been authorized and encouraged significantly by the central government not only to participate in the building of the BRI project, but also to promote the construction of the GBA.

⁴⁷⁷ Li, 23.

⁴⁷⁸ "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," ed. National Development and Reform Commission (China's Central Government, 2015).

⁴⁷⁹ Ibid.

7.6 Greater Bay Area

The Greater Bay Area (GBA) usually refers to a great region that is within and close to the southern coast region of Guangdong province. According to the Hong Kong Government official website on Greater Bay Area, this area was given the title of Guangdong-Hong Kong- Macao Greater Bay Area (GBA), which also comprises the latter two as Chinese Special Administrative Regions (Hong Kong and Macao), and other nine municipalities including Guangzhou, Shenzhen, Foshan, Zhuhai, Dongguan, Zhongshan, Huizhou, Jiangmen and Zhaoqing in the border to Guangdong Province. The Greater Bay Area occupies a total area of 56,000 square meters and is home to 66.71 million inhabitants with a total GDP equivalent to the Korea peninsula.⁴⁸⁰ According to the same official website, the missions of the Greater Bay Area stated as the following⁴⁸¹:

The development of the Greater Bay Area is accorded the status of key strategic planning in the country's development blueprint, having great significance in the country's implementation of innovation-driven development and commitment to reform and opening-up. The essence of the development, ("Macao can play an important role in the "One Belt, One Road" initiative," 2017)("Macao can play an important role in the "One Belt, One Road" initiative," 2017)("Macao can play an important role in the "One Belt, One Road" initiative," 2017) of the Greater Bay Area is to leverage the comparative advantages of every Greater Bay Area city to the largest extent, deepen cooperation amongst Guangdong, Hong Kong and Macao, facilitate in-depth and organic regional integration, as well as drive coordinated regional economic development. By doing so, the Greater Bay Area will become an

⁴⁸⁰ "A Comparison of World's Major Bay Areas," Belt & Road Hong Kong Centre, <http://beltroadbayarea.uatsite.iciclegroup.com/a-comparison-of-worlds-major-bay-areas/>.

⁴⁸¹ "About the Greater Bay Area," Constitutional and Mainland Affairs Bureau, <https://www.bayarea.gov.hk/en/about/overview.html>.

international first-class bay area ideal for living, working and travelling.

7.6.1 Bay Areas in the World

The Bay Area concept is not new. It has already been discussed and developed in many developed countries and regions, such as in the United States, and Japan. The Bay Area's main contribution is to promote a country's regional development to an international level, and hold the strengths of a country's regional cities to an accumulated level. The Chinese Greater Bay Area (GBA) was initially brought to the stage during the first quarter in the year of 2017. Since then the research involved with it has been growing rapidly. Around the world there are currently some major greater bays. The notable ones are New York Metropolitan Area, Greater Tokyo Metropolitan Area, San Francisco Bay Area, as well as the upcoming and in-construction Guangdong-Hong Kong-Macao Bay Area (GBA). The Chinese GBA will be the fourth worldwide important greater bay, which will become the largest greater bay in the world, surpassing the existing greater bays in US and Japan. The Chinese GBA's size will surpass the total size accumulated by the three aforementioned greater bays in the world (56,000 square meters vs 53,000 square meters).⁴⁸² According to the Hong Kong official website, the latest data of a comparative greater bays in the world is as the following⁴⁸³:

⁴⁸² 56,000 square meters is the size of the Chinese GBA and 53,000 square meters is the total figure of Greater Tokyo Metropolitan Area (13,600 square meters) and New York Metropolitan Area (21,500 square meters) and San Francisco Bay Area (17,900 square meters). Xiangyong Lu and Jia Du, "What Is the Gba's Shortcoming, Comparing with the Other Three Greater Bays? [He Shijie Sanda Wanqu Bi, Yuegangao Dawanqu Hai Que Shenme?]", sNational Business Daily (NBD), <http://www.nbd.com.cn/articles/2018-06-07/1224185.html>.

⁴⁸³ "A Comparison of World's Major Bay Areas".

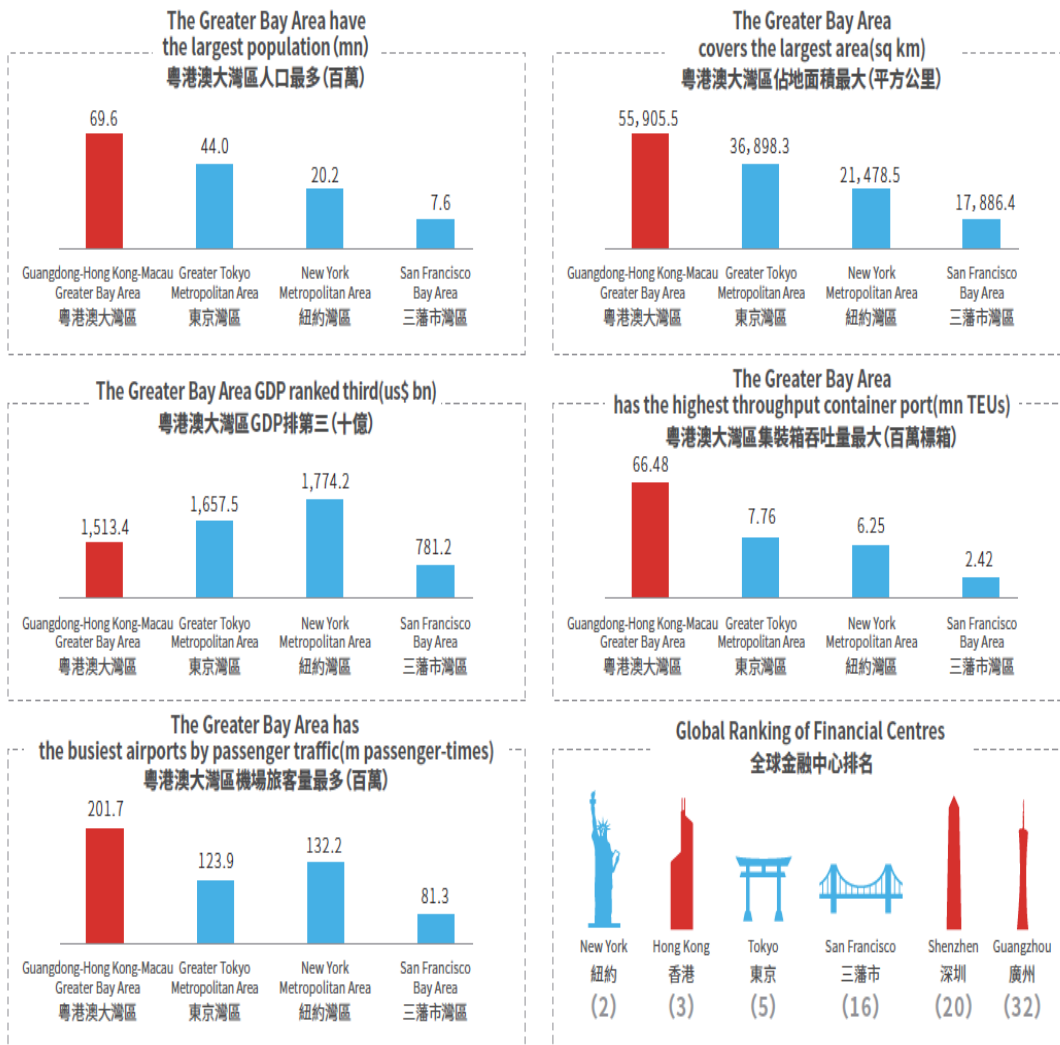


Figure 6 The Greater Bay Areas in the World Statistics (HKTDC Research)

From the figure we can observe that, in terms of the size of population, the Chinese Greater Bay Area has the biggest bay area population in the world, which has surpassed the second largest, the Greater Tokyo Metropolitan Area by 25.6 million people. Also, the size of the area of the Chinese Greater Bay Area has surpassed the Greater Tokyo Metropolitan by 19,007 square kilometers. Further, the Chinese GBA's volume of container port 66.48 (mn TEUs) has surpassed the other three bay areas combined.

7.6.2 Macao's Role & Participation in the GBA Development

According to the Outline Development Plan for the Guangdong – Hong Kong – Macau Greater Bay Area (GBA) which was promulgated in February 2019, each city within the GBA has been assigned specific tasks to implement with particular roles to play in the GBA. For instance, the capital city of Guangdong province Guangzhou particular task is to reinforce its function as a global business and industry hub while the Chinese upcoming ‘Silicon Valley’ Shenzhen would utilize its strengths as a hotspot to China’s innovation and technology giants in building a special economic zone. Macao’s role in the GBA, would be to continue to focus on building the “world center for tourism and leisure” and to “act as a bridge to Portuguese-speaking countries”, building a based where the Chinese culture is the mainstream while various other culture co-exist harmoniously.⁴⁸⁴

For the Macao SAR, the GBA acts as an important agenda for the SAR government’s external economic affairs. Although the GBA is a Chinese project, based on the interpretation of the Macao Basic Law and the “One Country, Two Systems” principle, however Macao’s relations with the mainland would be considered as Macao’s external affairs, but also as China’s domestic affairs. According to Tweed, Zhao and Chan, China’s GBA plan also aims to “tie Hong Kong, Macao closer to mainland”, or as Bloomberg bluntly stated, to transform the China’s southern coastal region into a

⁴⁸⁴ Claire Huang, "China Unveils Timeline to Further Integrate Hk, Macau under Greater Bay Area Plan," The Straits Times, <https://www.straitstimes.com/asia/east-asia/timeline-to-more-integration-outlined-in-greater-bay-area-plan>.

“high-tech megalopolis to rival California’s Silicon Valley”.⁴⁸⁵ According to the Outline Development Plan for the Guangdong – Hong Kong – Macau Greater Bay Area (GBA), Macao’s mission has been assigned as the following⁴⁸⁶:

Macao. To develop into a world-class tourism and leisure center and a commerce and trade cooperation service platform between China and Lusophone countries, promote an appropriate level of diversified economic development and develop into a base for exchange and cooperation where Chinese culture is the mainstream and diverse cultures coexist.

In order to better assist the construction of the GBA project, as well as to better promote Macao’s participation in the construction of the GBA, in late 2018, the Macao SAR government initiated a specialized working committee called the Working Committee for the Construction of Guangdong – Hong Kong – Macao Great Bay Area (CCGBA), which was to be headed by the Chief Executive Chui Sai On. As mentioned before, the CCGBA soon became the central office of Macao’s participation in the GBA development. In addition, on 21st March 2019, the Symposium on the Outline Development Plan for the Guangdong – Hong Kong – Macao Greater Bay Area (GBA) took place in Hong Kong. At this symposium the Chief Executive Fernando Chui Sai On proclaimed that the dissemination of the Planning Guidelines for the Development of the Guangdong – Hong Kong – Macao Greater Bay Area was a “magnificent”

⁴⁸⁵ Tweed David;, Zhao Yinan;, and Chan Edwin;, "China Unveils Plan to Tie Hong Kong, Macau Closer to Mainland," Bloomberg, <https://www.bloomberg.com/news/articles/2019-02-18/china-unveils-plan-to-tie-hong-kong-macau-closer-to-mainland>.

⁴⁸⁶ Outline Development Plan for the Guangdong – Hong Kong – Macau Greater Bay Area is the official document that outlines the development guidelines for the GBA region, the official guideline was released in Feb, 2019. "Outline Development Plan for the Guangdong - Hong Kong - Macao Greater Bay Area," ed. Constitutional and Mainland Affairs Bureau (Hong Kong: Hong Kong Special Administrative Region Government, 2019), 19.

undertaking for the future, pointing out that the content and direction of the development of the GBA, along with the planning guidelines also established new models for regional cooperation.⁴⁸⁷ As for Macao's economic external affairs with participating in the GBA development, "GBA is an internal project of China, BRI is an external project of China, as BRI involves foreign countries. GBA itself is an internal project but it might involve external component, by attracting foreign investors to the greater bay area, so maybe Macao could help to promote business relations between the GBA and the PSCs".⁴⁸⁸

7.6.3 The Specialties of the GBA

The newly promulgated development plan for the Greater Bay Area, marks the beginning of a new mission for Macao's external economic affairs, while also bringing Macao into a closer economic connection with the mainland China. As Macao is a small town, the GBA is a great opportunity for Macao to join the nation's grand development plan and contribute to the blueprint. The Macao SAR's participation in the GBA development enjoys several specialties compared to other GBA cities, as well as to overseas greater bays. Chief Executive Chui Sai On once pointed out that the "biggest difference" in the nation's GBA project compared to other greater bays overseas was the model of "One Country, Two Systems" principle, which he argued as the "biggest advantage" for the Macao SAR.⁴⁸⁹ Moreover, Macao's participation in the GBA development received direct mandate from the central government. Therefore, the Macao SAR Government established the Working Committee for the

⁴⁸⁷ Yang.

⁴⁸⁸ In-Person interview with Harald Brüning in June 2019 in Macao.

⁴⁸⁹ Yang.

Construction of Guangdong – Hong Kong – Macao Great Bay Area (CCGBA) in late 2018,⁴⁹⁰ which was specialized in dealing with Macao's participation in the GBA construction. The Macao SAR government gives high working priority to the development of the GBA. In June 2019, the local government has written the roles and duties of Macao in the GBA development plan in to its government Five-Year Development Plan (2016-2020) as an annex, in order to participate in the GBA development along with the local development plan.⁴⁹¹

Another substantial difference is its 'center' of the GBA when compared with the groups of greater bays in New York, San Francisco and Tokyo. The Chinese GBA does not have an absolute center, unlike the city of New York for New York Metropolitan Area, the city of Tokyo for Greater Tokyo Metropolitan Area, and the city of San Francisco for San Francisco Bay Area. It should be noted that each bay area is developed around one particular city. For the GBA however, nine cities and two SARs ("9+2") have been given different tasks and assignments, which could reinforce each other on different missions. Such difference of the GBA could also become a unique advantage to the GBA itself, in achieving comprehensive development among the GBA cities in China.

However, the GBA has its own shortcomings, which leave room for further development and improvement. Even though the GBA has the largest land and the biggest population of inhabitants, compared to other greater bay regions in the world.

⁴⁹⁰ "Working Committee for the Construction of Guangdong – Hong Kong – Macao Great Bay Area [Jianshe Yuegangao Dawanqu Gongzuo Weiyuanhui]."

⁴⁹¹ Staff Reporter, "Govt Attaches Gba Plan to Its '5-Year Plan'," *The Macau Post Daily*, June 7 2019.

Nevertheless, if we compare the gross domestic product (GDP) of the GBA to the other three major greater bays (namely the greater bays in New York city, San Francisco, and Tokyo), the GBA's GDP was 1.36 trillion dollars in 2015, while the Greater Tokyo Metropolitan was 1.8 trillion dollars, and the New York Metropolitan was 1.4 trillion dollars. Macao has the highest GDP per capita among the Chinese GBA cities, although this was mainly contributed to by the huge gaming revenue, and divided amongst a tiny labor population, which does not mean that Macao has a high average income compared to New York city, Tokyo city or the city of San Francisco.

In addition, if we continue to compare the GDP per capita of cities of GBA to other greater bays' cities we can find that, other than Hong Kong, Macao, Guangzhou and Shenzhen, the other Canton cities' GDP and economy are still 'falling behind' and leave a lot of room for catching up. Currently, "the four key engines of the GBA"⁴⁹², Hong Kong, Macao, Guangzhou and Shenzhen are the leading cities in terms of economy not just in the Southern China region, but also in the whole of China. Those cities' GDP per capital are compatible with average cities in wealthy countries, however, the other cities' GDP in the GBA are still very low if we look at their GDP per capita and compared with cities like San Francisco, New York, and Tokyo. Given the fact that the aforementioned GBA has a total land size and a total population of the other three greater bays combined, we can argue that there is still a long way for China's GBA to work on.

7.7 Summary

⁴⁹² Yang.

This chapter has examined and analyzed the structure of the Macao SAR Government's role and function in its economic external affairs. It argues that the characteristics of Macao's economic external affairs are on a multi-dimensional basis, which are presented through different bureaus, committees and offices on different levels. For example, it can be categorized into three ways, Macao external affairs with local offices; special committees for economic affairs; and Macao's overseas stationing offices for external affairs. Each type of the official body exercises similar but different duties and missions.

Moreover, for Macao's economic external affairs, governmental bodies from different dimensions have different power levels in terms of making decisions. For example, Macao's overseas stationing offices for external affairs include, The Economic and Commercial Delegation of Macao to Portugal in Lisbon; The Economic and Commercial Delegation of Macao to the European Union in Brussels and the Macao Economic and Trade Office to the World Trade Organization in Geneva. They are the earliest overseas offices set up by the Macao SAR government. Having been stationing overseas for more than a decade, their routine and roles are now 'mature', enabling them to protect and promote Macao's overseas interest, and to participate in the areas of economic and trade, like most other overseas stationing offices from other countries and regions would do. However, this type of overseas stationing offices has rather limited roles and functions, since they also need to follow international protocols and regulations. This makes them indifferent to their counterpart overseas stationing offices from other countries, so their autonomy of exercising economic external affairs are actually limited compared to the other types of governmental bodies from Macao SAR government. Additionally, as afore-discussed, these overseas offices of the

Macao government often receive criticisms for ‘being too quiet’ and ‘not being active’ in promoting Macao in Europe. Maybe this is what the Macao government could work on to increase the utility of these overseas offices for better outcomes.

Another type of official body is the DSE and the IPIM, the Macao SAR local governmental bodies, which are commissioned to assist and implement related government policies and mandates, in order to achieve a goal that in overall promoting Macao’s economic status, including Macao’s economic external affairs. So, this chapter argues that this type of local governmental bodies represents a ‘medium’ level of power in terms of Macao’s economic external affairs.

The third type of governmental bodies that enjoy the most power in Macao’s external affairs is the special committees for economic affairs; the Permanent Secretariat of Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao); the Working Committee for the Construction of the Belt and Road Initiative (CTCFR) for the BRI project, and the Working Committee for the Construction of Guangdong – Hong Kong – Macao Great Bay Area (CCGBA) for the GBA development. They work directly with the central government, and also receive many direct political mandates and supports, as well as preferential policies from the central government.

Therefore, this chapter argues that in terms of Macao’s economic external affairs, the Macao SAR governmental bodies are basically operating in a three-dimensional model, where each type of governmental body enjoys a different type of administrative power based on prescribed reasons. Due to projects like the BRI and the GBA, the Macao

SAR is having a more closed cooperative relation with the central government. Thus, as China's subnational government, the Macao SAR government has not only been acting as a platform role with an emphasis on serving and tightening the ties between China and Portuguese-speaking Countries (PSCs), but has also been getting itself involved in the nation's grand development plan like the BRI and the GBA projects, which shows that the Macao SAR government has been gaining more power in recent years in the area of economic external affairs. Moreover, this chapter also concludes that these committees would become the most important and the most central local agencies for Macao's economic external affairs, based on the policies they are receiving from the central government and the resources that they already have, due to their high-ranked local governmental status.

Chapter 8 Cultural Affairs

8.1 Introduction

When compared with other sectors of Macao's external affairs, the sector of cultural affairs in the Macao SAR also plays a crucial role, given the historical background of Macao and its special role in today's Lusophony world. The Macao Special Administrative Region (SAR) operates under the principle of the "One Country, Two Systems" model and enjoys a high degree of autonomy while maintaining a close connection with the mainland. This gives room for both Macao and the central government on the mainland to jointly explore Macao's capabilities of its external contacts, namely with different focuses which have been demonstrated in the previous chapters. Different aspects of the Macao SAR's external affairs have shown different levels of capabilities and powers of autonomy. For the Macao SAR's cultural external affairs, the topic currently appears to be underdeveloped among the other areas of the Macao SAR's external affairs. One of the specialties of Macao's culture is its Portuguese cultural elements in Macao, such as the Portuguese language, Portuguese cuisine, as well as the Portuguese descendants, namely the Macanese population with their respective community residing in Macao or diaspora of the Macanese.

This chapter shows that the cultural external affairs of Macao have been underdeveloped, while tremendous cultural resources and assets have not been properly utilized. It is argued here that in this particular case, the Macao SAR could have played a better role in contributing China's public diplomacy towards the PSCs,

based on Macao's unique features of its historical legacies. There is also an attempt here to explore Macao's connection with foreign countries, particularly with Portuguese-speaking Countries (PSCs), in this context, through the angle of subnational government of China. This chapter borrows the concept of public diplomacy as the conceptual framework for the Macao SAR's cultural external affairs. Public diplomacy is an important part of a state or a region's cultural external affairs. The structure of this chapter will be formed into the following format. First the definition of public diplomacy will be introduced. Then how the concept of soft power has emerged and developed into today's modern world policies will be discussed. This will be followed by a structural analysis of the governmental institutions that Macao, as well as the central government, are devoting their efforts to in building the region and the country's cultural external affairs. In the end, this chapter argues that the cultural sector of Macao SAR's external affairs enjoys a high degree of autonomy, although it is obviously, currently underdeveloped for various reasons. This chapter will conclude with feasible policy recommendations. Last but not least, Macao has a lot of cultural potentials which have not been properly utilized: this argument is supported by both conceptual and institutional frameworks which are to be discussed later.

8.2 Background

In the ever-changing world of international politics, new dynamics are emerging in an endless stream. Since the post-Cold War, the world has faced a turn from an armed-force confrontation domination (hard power) to building attraction through other means (soft power) to attract each other. Scholar Joseph Nye coined the term soft power in the 1990s, which was used to differentiate the force or strength that a state

may be capable of wielding in international politics. According to Nye, hard power usually refers to military strikes and economic sanctions, in other words, forces that put others in a state of owe and fear of another state or alliance in the international system. Soft power on the other hand, is based on attractions, namely one state is voluntarily attracted to another based on the latter's attractive culture, history, political believes and values etc.⁴⁹³ With the emergence of this soft power concept, , a 'new' type of competition is gradually being promoted namely the pursuing of states own attractions and maximizing these attractions and 'soft' influences over other states in the international system. Such competition gives way to the development of public diplomacy, as the latter is primarily based on the application and development of soft power in real world politics, which will be explained throughout this chapter.

Before the return of Macao to China from its former colonial government, after almost 500 years' process of occupation and then the colonization, Macao was infused with the Portuguese culture and language, as well as the Portuguese legal system, which still has significant impact on today's Macao SAR's legal practice.⁴⁹⁴ After the retrocession of Macao to China's administration, the Portuguese language and culture were retained by the Chinese government. As well as this the Portuguese legal system and legal practice remained. With the fact of Portuguese colonization in the past for

⁴⁹³ Joseph. S Nye, "Soft Power," *Foreign Policy* (1990).

⁴⁹⁴ Similar with other aspects, legal talents who are familiar with the Portuguese legal system is also in short in the current Macao legal market. The Macao SAR government has the determination to support the development of nurturing the local legal talents to strengthen their practice, as well as sending local students to Portugal universities to study their legal courses. See "Ce Meets Macao Students Studying in Portugal ", ed. Government Informaiton Bureau (Macao SAR, China: Macao SAR Government, 2016).

nearly five centuries,⁴⁹⁵ after the handover of administration in 1999, the memories of colonial period were not completely overthrown as happened in other former colonies in the world, but rather, most of the cultural elements have been well maintained thanks to the rule of the “One Country, Two Systems” principle.

Referring back to what has been emphasized in the introduction, this chapter primarily focuses on Macao’s role in promoting China’s diplomacy with a key focus to the Portuguese speaking countries (PSCs) through its special culture and historical background discussed throughout this thesis. Therefore, the cultural bond case study demonstrates Macao’s capabilities of cultural external affairs, including how Macao coped with its people’s connection with other Portuguese speaking countries for instance under the “Belt and Road Initiative” (BRI). To a larger extent, the cultural tie between Macao SAR and the PSCs have been well maintained by the central government after 1999, who has determined Portuguese as one of the official languages in modern times: it was even enacted in the *Macao Basic Law*, following the principle of “One Country, Two Systems”. On the new journey of the Macao SAR, the central government proposed to promote the idea of Macao’s special identity in strengthening its external contacts with today’s Portuguese speaking countries (PSCs) and regions,⁴⁹⁶ in order to advance China’s overall public diplomacy in the international society. The cultural-bond case study of Macao versus the PSCs

⁴⁹⁵ There is still argument over the period of the Portuguese’s occupation years in Macao, Chinese scholars tend to argue that the colonization started after the Second Opium War of Qing Dynasty, where Portugal took Macao by force and took advantage from China back in that time. On the other hand, Portuguese scholars tend to argue the colonization began far away from their sailors’ settlement in Macao back in the Ming dynasty.

⁴⁹⁶ Based on in-person interview with Mr. Harald Brüning in June 2019, in Macao.

demonstrates Macao's capabilities in establishing cultural relations with the Lusophone world, including how Macao copes with its people's connection with other Portuguese speaking countries through various development projects or initiative given by the central government such the BRI, the GBA, etc.

8.3 Cultural External Affairs Framework

8.3.1 Conceptual Framework

Introduced in this chapter is the framework of Macao's cultural external affairs based on two parts. One is the conceptual framework, which examines the possibilities of applying the concept of public diplomacy into Macao's cultural external affairs. Another is the institutional framework. Similar to the discussions in the previous chapters, this part examines the related governmental bodies and institutes which are involved in Macao's cultural external affairs, to see how much powers they actually possess, as well as to examine their room of autonomous powers in terms of their missions of cultural external affairs. In-person interview materials are provided as supporting points for arguments. Also, this chapter argues that the two dimensions currently are not in a fully functional state, which will be explained later in this chapter.

The core part of this section focuses on the concept of public diplomacy, a term which did not emerge until in the 1960s. Scholar Edmund Gullion coined the concept to illustrate its application of foreign policy from one nation's government to another nation's domestic society, in particular, their general publics, rather than applied to the

same leveled government as the traditional diplomacy did.⁴⁹⁷ Public diplomacy is sometimes also called people's diplomacy. During the post-Cold War era, Public Diplomacy reached its peak level for research and application when the United States tried to export its favorable images to other overseas countries, including countries in the international society, as well as the member states in the former Soviet Union. To date, the U.S. public diplomatic application to the international society has achieved significant success, if we think in term of Coca-Cola, McDonald's and American movies from the Hollywood, as with these we automatically think of the US, with favorable attraction. Such public diplomatic strategy has encouraged states in the international society to follow the footsteps of the US, in an attempt to improve their respective attractions based on cultural and political values to other states in the international system. In other words, successful public diplomacy could largely promote one nation's overall diplomacy (See figure 7).⁴⁹⁸



⁴⁹⁷ Nicholas Cull, J., ""Public Diplomacy" before Gullion: The Evolution of a Phrase", " USC Center on Public Diploamcy, <https://www.uscpublicdiplomacy.org/blog/public-diplomacy-gullion-evolution-phrase>.

⁴⁹⁸ Nye.

*Figure 7 The First McDonald's in Moscow in the Post-Cold War*⁴⁹⁹

Though public diplomacy as a concept first appeared in 1965 coined by Gullion, it was not frequently used until the end of the last century, after the world witnessed the US's success in applying its powers via public diplomacy to promote its attractions to other countries in the world. Gradually, governments across the globe woke up to the need of strengthening their communication with the general public abroad. As a result of this the governments in the world started to pay attention to what the domestic public said and thought and began to listen to what they had to say, rather than focusing exclusively on government-to-government, state-to-state types of traditional diplomatic model. Therefore, this has led to a growing prominence of public diplomacy research within diplomatic studies and a broader recognition of the concept of public diplomacy.⁵⁰⁰

Nowadays, as we are living in an age of globalization, people frequently express the idea that the world is getting 'smaller and smaller', as traveling around the world has never been so easy and convenient. Globalization enables the general public to get to know other countries' culture, politics, commercial products and many other things more frequently and accurately than ever before, as well as in a much faster manner. We have entered the age of information, with the development of modern technology,

⁴⁹⁹ The First McDonald's in Moscow in the Post-Cold War on its first day in Moscow during the post-Cold War period, thousands of Muscovites queued for their first bite of the Big Mac, it also remarks the collapse of the Soviet Union. Later on it became a classic example of a successful public diplomacy. "When the Big Mac Came to Moscow," RadioFreeEurope, <https://www.rferl.org/a/fast-food-moscow-russia/26542682.html>.

⁵⁰⁰ Nicholas Cull, J., "Public Diplomacy: Seven Lessons for Its Future from Its Past.," *Place Branding and Public Diplomacy* 6 (2010).

especially in communication devices and the Internet. The world's news can be located in almost any internet-connected electronic device and in many major languages. It offers one country's general public various avenues in which to explore and understand what is happening abroad and in an instant way. The U.S. President Trump for example, is famous for his 'Twitter politics', as he would put almost any thoughts of his and his team's decisions and strategies on his Twitter account, even ahead to the release of official government statement from time to time. With this trend, the world is experiencing a wave of decentralization of politics: this has been discussed in the earlier chapters. Moreover, this trend has brought its biggest impact to the cultural elements across nations, because unlike economy or politics, culture enjoys high flexibility when floating across the nations' borders. Gradually, this trend has promoted the non-central governments and actors gained more power in diplomatic matters, so they could assist and help their central governments to strengthen one's country's public diplomacy abroad. Another factor in the rise of public diplomacy is the rise of the democratization, after the Cold War, when the world has experienced a tendency of democratization of the world politics. With increasing numbers of democracies established in the world, the world politics gradually put more focus on issues such as transparency of administration, human rights, global governance etc. People started to compare each other's domestic politics and foreign policies, and, thanks to the aforementioned globalization, and in this age of information, people now can get the most up to date information and news faster and more accurately, which in turn, makes the public opinion more paramount to the ruling administration than ever before. In the past diplomacy was normally a strictly 'state-to-state business'. Today things have changed immensely. The fact that the domestic public can learn what is happening abroad much faster than before, means that the government has to listen to

what the domestic public thinks. With the rising importance of the voice of the public, the state's central government needs to pay attention as to how to use this domestic cultural and political-value based power and instruments to affect their targeted foreign publics, making foreign publics share a supportive and benign opinions, and feeling attracted to the culture, value and belief back home.

Public diplomacy differs from the traditional or classic diplomacy. As the chapter has mentioned and discussed earlier, public diplomacy is a diplomatic behavior conducted by both state and non-state actors, and foreign general publics are the target, rather than foreign government. This is in a clear contrast to traditional diplomacy, a state-centered, state-to-state, government-to-government 'business'. Also, traditional diplomacy puts more considerations on security related issue, and less or minimal weight on public opinions. Take the Cold War as an example. During the Cold War, both the Soviet Union and the United States started an arms race, and their propagandas were targeted more for their domestic audiences, which were to 'demonize' their opponents. Public diplomacy on the other hand, would target each other's domestic audience, and try to influence their opinions and elicit affection and support among them for the country applying the tool of public diplomacy, and put pressures on the opponent's government. Therefore, public diplomacy gradually appears as an alternative diplomatic instrument for states to wield in the international politics, while combining and assisting the traditional approach of diplomatic manner.

This century has seen a huge rise in public diplomacy around the world although, it has still has been an issue to precisely define what public diplomacy really means, as it would involve quite a wide range of missions and activities. In addition, scholars

differ over what public diplomacy actual entails. However in general, public diplomacy can be seen as an instrument used by states, sub-state and non-state actors, to influence thoughts and to mobilize actions to advance their interests and values aboard by building and managing relationships and developing an understanding of cultures, attitudes, and behavior.⁵⁰¹ In other words, the primary aim of an entity's public diplomatic strategy is to exert influence on how relevant public's view the entity and its activities, with the objective of winning their trust and support. Therefore, public diplomacy can be involved at different levels and different kinds of actors, both from the state and non-state level. Such logic appears to be also applicable to the Macao SAR's cultural external work, which will be discussed in details later. To clarify the definition of public diplomacy, Qizheng Zhao once said, the public diplomacy is defined as "the government is leading, the public is the foundation, and the elites constitute the 'backbone' ...the media are the key".⁵⁰² So in a nutshell, public diplomacy is an instrument applied by domestic state and non-state actors, targeting foreign or external general publics in gaining trust, favor-ness and support.

In general, the content of public diplomacy is developed in three domains: the domestic and foreign policy domain, which serves political and security goals: the economic domain, serving economic goals via trade promotion and tourism, and the cultural domain, serving cultural goals including mutual understanding and appreciation of a county's culture visa culture diplomacy and people-to-people

⁵⁰¹ Geun Lee and Kadir Ayhan, "Why Do We Need Non-State Actors in Public Diplomacy?: Theoretical Discussion of Relational, Networked and Collaborative Public Diplomacy," *Journal of International and Area Studies* 22, no. 1 (2015).

⁵⁰² Qizheng Zhao, *Cross-Border Dialogue, the Wisdom of Public Diplomacy* (New World Press, 2012).

diplomacy. Scholar Kejin Zhao argues that public diplomacy can be seen as “a government’s direct exchanges and communication activities with another country’s public”.⁵⁰³ Zhao also points out that the in the exchange of foreign publics, the key is “on the enhancement of understanding, the communication of feelings and the establishment of image”.⁵⁰⁴ Overall then, the contents of public diplomacy can be flexible, however, its ultimate goal is to gain affection, trust and support from overseas audience to the initiating state. Macao is a tiny place, it may not have significant importance in the first two domains compared to the major Chinese cities on the mainland, however, based on Macao’s culture and history, it could significantly contribute to China’s people-to-people diplomacy.

According to Fangming Han,⁵⁰⁵ public diplomacy must be conducted under the guidance of one state’s central government. In other words, public diplomacy must be authorized by one country’s central government. The authorization could be made to one country’s local government, company, non-governmental organization and individual. Without such legal authorization, mere engagement among social organizations or associations from different counties cannot be considered as public diplomacy. This gives the premise for Macao’s public diplomacy, under the authorization of the China’s central government, to outreach to other regions and countries for public diplomatic ties, in this case, particularly with the Portuguese Speaking Countries (PSCs). In recent years, it can be observed that the Macao SAR

⁵⁰³ Zhao Kejin, “Public Diplomacy: Theory and Practice”, [Gonggong waijiaode lilun yu shijian], 2007, in d’Hooghe Ingrid, *China’s Public Diplomacy* (Leiden: Brill Nijhoff, 2015), 103.

⁵⁰⁴ Ibid.

⁵⁰⁵ Fangming Han, *Introduction to Public Diplomacy [Gonggong Waijiao Gailun]* (Beijing: Beijing University Press, 2012), 9-10.

government is gradually putting more emphasizes on Macao's role of public diplomacy. For instance, on June 6th, 2019, the Macao SAR government updated its 5-year-plan by adding the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development plan into its 5-year-plan as an annex. Also in the document, for the first time, the Macao SAR government used the phrases of cultural diplomacy and improving Macao's cultural soft power, in order to strengthen its role of cultural bond between China and the PSCs.⁵⁰⁶ As former government official Dr. Sales Marques once said, Macao has a lot of cultural assets, but once again, these cultural assets are not being used in an "active way". The cultural diplomacy was written into the government's 5-year-plan as an emphasize to further develop Macao's cultural diplomacy, which "means the government understood not much has been done in that regard".⁵⁰⁷ Furthermore, there is a close inter-relation between public diplomacy and soft power, which must not be neglected. Public diplomacy appeared decades before soft power, after Joseph Nye coined the soft power concept in the 1990s. Nye also used public diplomacy to combine it with soft power, claiming that successful public diplomacy can generate soft power, and soft power can be an instrument that be wielded by public diplomacy.⁵⁰⁸

8.3.2 Soft Power as a Concept

When we talk about public diplomacy, it is almost impossible to do so without including the concept of soft power, as both are so closely related. According to Joseph

⁵⁰⁶ In-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

⁵⁰⁷ In-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

⁵⁰⁸ Joseph. S Nye, "Public Diplomacy and Soft Power," *The Annals of the American Academy of Political and Social Science* 616, no. 1 (2008): 94-96.

Nye, soft power is the “ability to get what you want through attraction rather than coercion or payment”⁵⁰⁹. States with strong soft power usually have a popular and attractive culture which, as well as a country’s attractive political values and foreign policy, could engage people. With regards to public diplomacy, Cull argued something similar: that the two norms are based on attracting audiences from abroad, adding that for successful public diplomacy, there are many factors which need to be considered, such as the fact that public diplomacy begins with listening, and that trust also begins with listening.⁵¹⁰

“Soft power is a term that was coined in the West, but it fits East Asia like a glove. Soft power’s particular appeal is that it embodies an attractive way of exercising influence, a comparatively harmless manner of projecting power and engaging other nations.”⁵¹¹ According to Lee, the concept of soft power has been seen as a form of national power based on conceptual and cultural attractiveness, which is “intentionally or unintentionally” utilized by actors in international relations to achieve strategic imperatives.⁵¹² In this sense, the Macao SAR’s soft power is also embedded into the Chinese culture as a whole, throughout their common history and cultural connections, which are inseparable from each other. On the other hand, Macao’s culture is closely connected with the cultures across the PSCs. As such, Macao receives a wider acceptance to the Lusophone world than the mainland China based on cultural factors. In this case, Macao possess soft power not only in making the PSCs like Macao, but

⁵⁰⁹ "Soft Power."

⁵¹⁰ Cull, ""Public Diplomacy" before Gullion: The Evolution of a Phrase"".

⁵¹¹ Shin-Wha Lee, "The Theory and Reality of Soft Power: Practical Approaches in East Asia," in *Public Diplomacy and Soft Power in East Asia*, ed. Sook Jong Lee and Jan Melissen (New York Palgrave Macmillan, 2011).

⁵¹² *Ibid.*, 11.

also more likely to have affection to China. To a greater degree, soft power may constitute more than cultural power, it could also include political values and ideas, educational and socioeconomic systems, national policies accepted and favored by other nations and people,⁵¹³ and hence help to promote initiating state's public diplomacy in the international community in the long run. For as the other countries are persuaded that one nation's policies or values are legitimate, indeed desirable, then the "soft power" of that nation has increased.⁵¹⁴ In this case, Macao could play a role in attracting affections from the PSCs to the Macao SAR, as well as to the mainland China.

8.3.3 Institutional Framework of Cultural External Affairs

In China's governmental administrative structure, public diplomacy is managed by Ministry of Foreign Affairs (MFA), Ministry of Culture and Tourism (MCT), and the Overseas Chinese Affairs Office of the State Council.⁵¹⁵ These governmental bodies on the mainland are the primary institutions which plan and implement China's strategies on the nation's public diplomacy. In the Macao SAR, in terms of the public diplomacy institutional framework, this is carried out on three levels: the highest level being the prescribed governmental bodies of the central government on the mainland, as they oversee and provided guidance to the units on Macao governmental level; the middle level, which is the governmental bodies and institutions of the Macao SAR government; and the third level is the people-to-people level, based on the facts of

⁵¹³ Ibid.

⁵¹⁴ Ibid.

⁵¹⁵ Kejin Zhao, "The Innovation and Development of China's Public Diplomacy, [Zhongguo Gonggong Waijiao De Chuangxin Yu Fazhan]," Charhar Institute, <http://www.charhar.org.cn/newsinfo.aspx?newsid=11581>.

Macao's multi-cultural background and the Macanese and overseas returning Chinese communities.

8.3.3.1 Central level

The central level refers to the institutions under the framework of the central government on the mainland, such as the governmental bodies. Usually the governmental bodies that are involve with China's public diplomacy include the Ministry of Foreign Affairs (MFA), Ministry of Culture and Tourism (MCT), and the Overseas Chinese Affairs Office of the State Council. These governmental bodies and departments operate on a national level, to promote China's overall public diplomacy, as well as the diplomacy via multiple channels. Though those central governmental institutions represent the highest level of power in terms of China's public diplomacy, most of the time, they do not directly get involved into Macao's cultural external affairs or its related public diplomatic affairs. Instead their role is one of an authorization mechanism to allow the Macao SAR government to carry out its cultural external affairs with permit. This is also partially due to the "One Country, Two Systems" principle, that the former as an authorization mechanism and gives permission and guidance to the latter (the Macao SAR) to carry out its work. In other words, the governmental bodies from the Macao SAR government act as the main actors in carrying out Macao's cultural external affairs. Moreover, as another factor, institutions on the mainland probably do not have the specialized expertise and human resources for the tie between Macao and the Lusophone world, even if they have professional linguists.

8.3.3.2 Local level

The local level refers to the governmental bodies of the Macao SAR government, in this case, Macao's cultural external affairs would have been mainly the responsibility of the Secretariat for Social Affairs and Culture. The Secretariat for Social Affairs and Culture manages the following offices, bureaus and institutions under its leadership, including the Cultural Affairs Bureau (IC), the Macao Government Tourism Office (MGTO), and three higher education institutions including Institute of Tourism Studies (IFT), University of Macao (UM) and the Macao Polytechnic Institute (IPM), as well as a tourism office stationed in Portugal. In addition, the Secretariat also runs the Macao Grand Prix Committee which is responsible for a yearly worldwide cars and motorcycles racing event.⁵¹⁶

In July 2018, the Cultural Affairs Bureau of the Macao SAR government held its first China and Portuguese Speaking Countries Cultural Festival with the theme of "Annual Arts Exhibition between China and Portuguese-speaking Countries – Alter Ego"⁵¹⁷. This project is intended to become an annual event. The purpose of the event was based on the idea that "cultural integration is the key to open-mindedness, and open-mindedness is the key to stable relations between nations. Bilateral or multilateral

⁵¹⁶ The Macao Grand Prix (MPG) is the world's only one of its kind's street circuit racing event in which both motorcycles and cars compete. The MPG started its first event back in 1954, by 2019, the 66th MPG will be hosted in the Macao SAR. The Macao Grand Prix Committee is responsible for planning and executive the yearly motorcycles and cars racing event. Edwin Yang, "World Cup Events Reflect Fia's Recognition of Mgp: Pun," *The Macau Post Daily*, May 23 2019.

⁵¹⁷ "Annual Arts Exhibition between China and Portuguese-Speaking Countries – Alter Ego' Opens Six Thematic Exhibitions Closely Connected to Distinctive Cultural and Arts Spaces ", Cultural Affairs Bureau, <https://www.gcs.gov.mo/showNews.php?PageLang=E&DataUcn=127142>.

cultural exchange is a key element to mutual understanding as well as an important medium to express emotions and an essential bridge to bring peoples closer together; its soft yet firm, subtle yet tremendous role will be evident in our days of close cooperation.”⁵¹⁸ The project intends to build a stronger connection between China and Portuguese-speaking countries (PSCs) through the bridge of arts and culture. According to the Secretary for Social Affairs and Culture of the Macao SAR Government, Alexis Tam Chon Weng, this type of “cultural exchange will inevitably, for the sake of establishing the ‘Commercial and Trade Cooperation (Services) Platform between China and Portuguese-speaking Countries’ and the bilateral and multilateral relations between these countries as well as their cooperation in the fields of logistics, commerce, tourism and investment, among others, inject cultural genes, merge the spirit of peoples and strengthen the trust in a joint development and mutual benefits, thereby establishing deep and solid foundations for a new type of international relations.”⁵¹⁹

In addition, Macao will maintain an active role in fostering social and cultural relations with the Lusophone world. In July 2001, Macao organized the first annual meeting of the union of Luso Capital Cities in Africa, the Americas and Asia (UCCLA), and a municipal level association of 43 cities in the Lusophone world.⁵²⁰ Furthermore, these municipal level contacts between Macao and the Lusophone world took place

⁵¹⁸ "Encounter in Macau, Arts and Cultural Festival between China and Portuguese-Speaking Countries".

⁵¹⁹ Ibid.

⁵²⁰ "Puyu Dushi Lianmeng Zhixing Weiyuanhui Hiuyi Zai Aomen Zhaokai [the Uccla Executive Committee Meeting Held in Macao]," Macao Government Information Bureau, <https://www.gcs.gov.mo/showNews.php?DataUcn=92402&PageLang=C>.

simultaneously as China found Macao to be “an important piece in its diplomatic outreach to the developing world in the 2000s”.⁵²¹ This boosts China’s diplomatic efforts to reach out to the regions with which China had little contact with before, and in this case, “Macao was capitalized on by Beijing as a pivot city in building ties with the Lusophony world”.⁵²² On the other hand, speaking for the central level, which has been discussed earlier, the Chinese government’s was keen to integrate the Macao SAR with the Lusophony community, especially with those in the developing world, in order to “foster stronger economic and social-cultural connections between the city and PSC members, thereby preserving Macao’s role as a ‘source of Latin culture in the East Asian region’”.⁵²³ Regarding the role of the UCCLA in terms of Macao’s cultural external affairs, Sales Marques pointed out that,⁵²⁴

The idea (UCCLA) was to create a high level connection with the PSCs, at the level of municipalities, with the cities, with the capital cities of the Portuguese speaking countries, as they belong to one same organization which is the UCCLA, this organization was to establish good relations not only for cities, but also through the cities for the people from them. Jose thinks that Macao government should use more of this platform, to reach a wider audience in terms of connecting the PSCs.

Apart from Macao’s involvement in international activities and participation in international organizations like UCCLA, which are operated by the local government offices, there are two other main components for Macao’s cultural external affairs at a

⁵²¹ Li, 1287.

⁵²² Ibid., 1287-88.

⁵²³ Richard Louis Edmonds and Herbert S Yee, "From Portuguese Autonomous Territory to Chinese Special Administrative Region," *The China Quarterly* 160 (1999): 802-03.

⁵²⁴ In-person interview with José Luís de Sales Marques in June, 2019 in Macao.

local level: one is Macao's two UNESCO titles, the other is Macao's sister cities and cites with cooperative relations.

In the Summer of 2005, the historic center of Macao was “comprising over 20 ancient monuments and urban squares interwoven in the heart of the city”, it was formally inscribed during the 29th Session of the World Heritage Committee. From this Macao gained the title of World Heritage listed by the UNESCO.⁵²⁵ The second title of the UNESCO to Macao was the UNESCO Creative City of Gastronomy in November 2017, which Macao received alongside seven other cities across the globe.⁵²⁶ Macao has become the third Chinese city to hold this prestigious title, after Chengdu of Sichuan Province and Shunde of Guangdong Province, who received their title in 2010 and 2014 respectively.⁵²⁷ The title reflects a global recognition to Macao's over 400 years of culinary legacy and the rising increased awareness among the young people in local gastronomy culture. In Macao, gastronomy is a driving force in preserving Macao's culture identity, and offers a new direction for Macao's sustainable development.⁵²⁸ Currently, there are only 26 cities worldwide which have been designated with the tile of Creative Cities of Gastronomy by UNESCO, as a part of UNESCO's Creative Cities Network.⁵²⁹ The network is valuable for promoting Macao's culture abroad as the network is a platform which aims to “promote

⁵²⁵ "Macao World Heritage," ed. Macao Tourism Office (Macao SAR government, 2005).

⁵²⁶ "Macao Designated 'Creative City of Gastronomy' by Unesco," *Macau Daily Times*, November 2 2017.

⁵²⁷ Ibid.

⁵²⁸ Ibid.

⁵²⁹ Matthew Keegan, "Why Macao Was Designated a Creative City of Gastronomy by Unesco," Culture Trip, <https://theculturetrip.com/asia/china/articles/why-macao-was-designated-a-creative-city-of-gastronomy-by-unesco/>.

cooperation and shared experience amongst culture-rich cities worldwide throughout a handful of creative fields”.⁵³⁰ These UNESCO titles bestowed upon Macao would only have been made possible after a series of efforts made by the Commissioner’s Office of MFA in Macao and the Secretariat Office for Social Affairs and Culture of the Macao SAR government.⁵³¹

One other important component that Macao possesses is that, similar to most well-known cities in the world, they all have their own network of sister cities. In Macao, signing agreement for sister cities and cooperative relations with foreign cities are the works of Municipal Affairs Bureau (IAM), which is formerly known as The Civic and Municipal Affairs Bureau (IACM). Sister Cities are regarded as an important channel for a city to develop its cultural relations with a foreign city. Many cities in the world have developed and parried themselves with cities from foreign countries and regions. From the table below we can see that some of the agreements and partnerships were made before China’s retrocession of Macao in 1999, and thanks to the “One Country, Two Systems” principle, these agreements and partnerships were able to remain.

Table 5 Macao’s Sister Cities and Cities with Cooperative Relations⁵³²

	City, Country	Year	Remarks
Sister Cities	Lisbon, Portugal	1982	Cooperation on Cultural, Society, Education, Tourism & Information Sectors
	Porto, Portugal	1997	Cooperation on Cultural, Sports, Environment Sectors

⁵³⁰ Ibid.

⁵³¹ "Macao Sar's Participation in International Organizations and Conferences."

⁵³² Data gathered from the Municipal Affairs Bureau (IAM) official website on May 18, 2019.

	Coimbra, Portugal	1998	Cooperation on Cultural, Sports, Environment Sectors
	Linköping, Sweden	1997	Strengthen the friendship between the two cities
	Praia, Cabo Verde	2007	Strengthen the friendship between the two cities
	San Paulo, Brazil	2000	Cooperation on Cultural, Tourism, Political and Social and Sports Sectors
Friendship Agreement	Brussels, Belgium	1991	Strengthen the friendship between the two cities
Cultural Memorandum	San Francisco, US	2001	Strengthen the friendship between the two cities
Cooperation Protocol	Da Nang, Vietnam	2006	Strengthen the friendship between the two cities

On the other hand, though, in spite of Macao's connection with the PSCs and Europe throughout history, the number of sister cities has been limited, and, based on the table, no new sister cities or cities with cooperative relations have been added onto the record for some time. Sister cities are seen as an important channel for a city to outreach and to export its culture, trade, tourism and education sectors to another foreign city. In this case, the Macao SAR has not been active at all. More work should have been done in promoting Macao's sisterhood with foreign cities, in order to promote Macao's cultural external affairs as a whole. To do so would also increase Macao's soft power as it would further increase Macao's presence and status on the international level. Moreover, sister cities are considered as an important element for public diplomacy.⁵³³ Former government official Dr. Sales Marques once slammed the government for not

⁵³³ Michele Acuto et al., "City Diplomacy' and Twinning: Lessons from the UK, China and Globally," ed. Government Office for Science (London, UK: Government Office for Science, 2016).

doing enough work in promoting Macao's sister cities, as well as for Macao's cultural external affairs when he said⁵³⁴:

Macao government is not properly utilizing its cultural connection or cultural asset, I (Sale Marques) signed and established the sisterhood of city relationship with St Paulo city mayor in 2001, under the SAR government, in the presence of the consultant general of China. But after that, not body did nothing, absolutely nothing to develop this sister cityhood.

8.3.3.3 People-to-people level

The people-to-people level refers to Macao's massive communities with a multi-cultural background. In terms of Macao's cultural external affairs, as well as in light of China's public diplomacy, Macao has a special cultural role to play based on people-to-people exchanges. One major special feature in Macao is the Macanese community who reside in the Macao SAR, which is thought could play an important role in Macao's cultural external affairs.⁵³⁵ The Macanese community is often seen as a special social group between China and the Portuguese speaking countries (PSCs), as the Macanese community shares culture and languages from both sides. The Macao SAR government has been promoting and protecting the Macanese community in their

⁵³⁴ Based on In-person interview with Dr. José Luís de Sales Marques in June, 2019 in Macao. Dr. Sales Marques he himself signed agreements with city of Porto of Portugal, city of Linköping of Sweden and city of San Paulo of Brazil, when he was the president of the Civic and Municipal Affairs Bureau of Macao during the Portuguese Macao period as well as the Macao SAR period.

⁵³⁵ The term "Macanese" customarily refers to Macao's community of residents of mixed Portuguese and Asian descent, which accounts for about two percent of the local population. There is also a sizeable Macanese Diaspora in the world. Edwin Yang, "Chui Urges Portugal to Grab Bri & Gba Opportunities," *The Macau Post Daily*, May 15 2019.

language, cultural continuation and social development, as seen in the following the rules which have been regulated in the *Macao Basic Law* Article 42:

the interests of the residents of Portuguese descent in Macau shall be protected by the Macau Special Administrative Region in accordance with the law, and their customs and cultural traditions shall be respected.

Chief Executive Fernando Chui Sai On once said that the Macanese community plays an “indispensable” role as a “bridge of communication and exchanges between different cultures”.⁵³⁶ The special important role of the Macanese community in Macao has been highlighted as “Macao’s emergence as an important international entrepot in the middle of the 16th century linking Asia, Europe, Africa and the Americas led to the creation of a multicultural society in Macao in which the Macanese community played an important role by supporting communication and exchanges between the East and West”.⁵³⁷ Moreover, the word of “Macanese” denotes Macao’s community of the extraction of Portuguese-Asian which is estimated to be around 8,000 resident in the Macao SAR and more than 10,000 in overseas, in countries and regions such as the United State, Brazil, Canada, Portugal and Hong Kong and elsewhere.⁵³⁸ Culture is an important symbol of modern society, especially the cultures inherited from the past. Being able to tell good stories can be helpful in furthering the cultural legacy for future generations. In this case the Macanese community and their culture could contribute to Macao’s cultural external affairs. Currently, there is a sizable Macanese diaspora living overseas and as well as this the local Macanese

⁵³⁶ Staff Reporter, "Chui Praises Macanese Community," *ibid.*, November 28 2016.

⁵³⁷ *Ibid.*

⁵³⁸ *Ibid.*

community in the Macao SAR has been protected and respected by law and by the local society, their language and way of living has been well maintained and continued after 1999. It is widely believed and expected that through the channel of the Macanese community, its cultural ties can be promoted between the Macao SAR and the Macanese community in the overseas, as well as the communities in the overseas countries and regions which are close to the Macanese communities in overseas. The Council of Macanese Communities President and former government official, José Luís de Sales Marques agrees with the importance of the Macanese community and once said that the Macanese community can “play an interesting role” in Macao’s external affairs, for instance, “in the context of greater bay area, we (the Macanese community) have mixed culture, we have Chinese side of the Lingnan culture,⁵³⁹ things we eat and things we appreciated that helps a lot to the development of the Guangdong-Hong Kong-Macao Greater Bay Area” (GBA).⁵⁴⁰ When Sales Marques saw the role of the Macanese community could play in the GBA, he said⁵⁴¹:

This is why when the greater bay area just started, I suggested the Macao government and this institute (IEEM) to have joint seminar on “common culture” of Lingnan culture, we are very particularly positioned to understand what this is about. So when GBA plan was established for Macao to build a culture base where as the Chinese culture is the mainstream while various culture coexist, we can understand this very easily, because this is our life, our identity, so we can also contribute to this and help to establish the connection.

⁵³⁹ Lingnan culture is an important part of Cantonese culture, it is well known for its food, art, architecture, and Cantonese opera. "Lingnan Culture," Lonely Planet, <https://www.lonelyplanet.com/china/guangdong/background/other-features/3abfaefc-9e57-4b6e-8b63-5072fbbba790/a/nar/3abfaefc-9e57-4b6e-8b63-5072fbbba790/355937>.

⁵⁴⁰ In-person interview with José Luís de Sales Marques in June, 2019 in Macao.

⁵⁴¹ In-person interview with José Luís de Sales Marques in June, 2019 in Macao.

But on the contrary, it seems that currently there is a lack of a working mechanism from the Macao SAR government to work with this type of people-to-people exchange community. In this regard, Sales Marques said⁵⁴²:

I (Sales Marques) have suggested and proposed to the Macao government for several times, that maybe they should use us (the Macanese community), because they have tourism promotion, and they have professional companies doing that promotion, why not work with the Macanese community, we have Macanese houses, Macanese associations, but ‘the government has not looked for us at all, and we are not asking for nothing special’.

Sales Marques pointed out that the local Macanese community have connections with overseas Macanese community not only in Portugal, Brazil but also in the US and other countries in the world. Sales Marques also underlined that “[W]e (Macanese community) are willing to help and we want to be useful to the Macao government in this regard, but up to now, there is no action from the government”.⁵⁴³ Scholar Santos Neves from Lisbon also agreed with this point of view when he highlighted the fact that Macao’s external affairs was facing some potential challenges, one of them being that⁵⁴⁴:

Challenges would be if Macao remained in this low international status, Macao needs to promote Macao image abroad. Macao could use Macanese network overseas who spread around the world, Macanese community could be mobilized for that, so Macao have a huge potential in terms of the Macanese diaspora, and this has not been so much used yet. For Macao as a subnational government, there is an asset, as to explore Macao’s external affairs.

⁵⁴² In-person interview with José Luís de Sales Marques in June, 2019 in Macao.

⁵⁴³ In-person interview with José Luís de Sales Marques in June, 2019 in Macao.

⁵⁴⁴ In-person interview with Prof. Miguel Santos Neves in Lisbon, Portugal, in November 2018.

According to Rangel, based on his data collection from the Macao SAR government and some foundations, the following Macanese associations (communities) have “flourished since the 90’s and intensified their activities”:⁵⁴⁵

Table 6 Macanese Associations in the World

<i>Name</i>	Region
Casa de Macau Inc. Australia	Sydney, Australia
Casa de Macau de São Paulo	São Paulo, Brazil
Casa de Macau do Rio de Janeiro	Rio de Janeiro, Brazil
Casa de Macau no Canada	Toronto, Canada
Club Amigu di Macau	Toronto, Canada
Macao Club	Toronto, Canada
Macau Cultural Association of Western Canada	Vancouver, Canada
Casa de Macau US (Inc.)	San Francisco, California
Lusitano Club of California	San Francisco, California
Uniao Macanese Americana	Hillsborough, California
Club Lusitano	Hong Kong, China
Casa de Macau em Portugal	Lisbon, Portugal

Most of the cities in the world have many kinds of associations and organizations that are organized by the general mass, including China and the Macao and Hong Kong SARs. However, the Macao SAR has one unique advantage that make most of the Chinese modern cities incomparable to Macao, except for Hong Kong. It is widely known that Macau is also a society of associations (she tuan), having over 5,000 different associations registered under the Macao SAR government. These associations can be found in almost any industry and branches throughout the whole

⁵⁴⁵ Jorge Rangel, "The Macanese Diaspora Today," in *Macau-in-Coimbra, Highlights Form the Eacs '14 Conference*, ed. Eilo Yu and Rufino Ramos (Macao, China: Instituto Internacional, Macau, 2015), 105-06.

Macao society. Those associations are involved in every corner of Macao's affairs, including internal and external ones. When we deal with one city's external affairs, Macao's has the advantage in having active ties with the overseas counties and regions. Macao's associations are far more outreaching, being financially supported by the Macao SAR government, and maintaining frequent overseas contacts. In the case of Macao's cultural external affairs, the major associations, are similar to the Macanese communities. Macao also has various oversea returning Chinese communities. This type of oversea returning Chinese community comprises mainly of the overseas returning Chinese who reside in the Macao SAR, and a considerable large number of them came back from the South East Asian states like Myanmar, Malaysia and Indonesia.

However, similar to the stories of the Macanese communities, currently there is no official working mechanism from the Macao SAR government to work with these types of people-to-people exchange communities. The instruction for these communities' were simply to follow the mandates from the central government and the local government, in showing support to Macao's participation in the BRI, and supporting the GBA development, while also supporting China's national development strategy as a whole on the news, so called strengthening their overseas contacts to spread the spirits and ideals of China's grand economic strategies.⁵⁴⁶ However, these types of moves only exist in political rhetoric rather than as real

⁵⁴⁶ Cited from one forthcoming book chapter named Macau's participation of "Belt and Road Initiative" Published by Chung Hwa Book Co. (H.K.) Ltd which I have co-authored earlier.

actions.⁵⁴⁷ This thesis believes that the reason behind this is because currently there is no governmental unit specialized in dealing with these types of cultural external affairs. In other words, these types of communities have no official coordinator. In this regard, the local government is often slammed for not having a working mechanism to coordinate these people-to-people exchange communities, while still encouraging them to ‘throw their hats into the ring’ for supporting the local and national development projects.

Of course, a simple solution to having a coordinating group would be to put the forces together for better outcomes. This kind of idea is easy for people to come up with, however, the reason behind its non-implementation is likely to be because the local government and the society lacked the motivations and incentives. These have not only been expressed in Macao’s cultural external affairs, but also in economic and political external affairs. Macao rarely had any strong motivation or incentive to build on its external relations and external affairs, it was more frequent to observe that there were mandates hailed from the central government and ordered the Macao SAR government to do it, such as Forum Macao, the BRI and the GBA project. Regarding why Macao seems to lack motivation in developing its external relations, according to a former governmental official Dr. Sales Marques, he underlined that⁵⁴⁸:

It is because of lack of interest and the nature of Macao’s economy. Macao economy is mostly based on gambling and tourism, meaning that Macao does not export merchandise or goods anymore. What Macao has now is called export of services, is everything coming into Macao, every tourists’ dollar coming into Macao is export of

⁵⁴⁷ Based on in-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

⁵⁴⁸ In-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

services of Macao. you don't need to go out, on the contrary, you need to bring them in. There is no active work or incentive for Macao economically speaking, to go out, not like Hong Kong which is financial hub, has the role to internationalize renminbi, so Hong Kong people need to go out and do a lot of things. Unlike Macao, based on Macao current industry, no need to go out. When I was working at the government tourism office for ten years in the past, I remembered the government of Macao even have to provide financial subsidy for people to go outside of Macao to bring in business, in order to diversify the local economy. There was not active work to diversify the economy. The problem is that the Macao business community lives pretty much based on what comes from outside to Macao, not really what you need to go out and seek for, they already have too much, in a way.

In the same regard, Scholar Santos Neves also explained why Macao government is not working to its full capacity in utilizing its cultural assets, when he said that⁵⁴⁹:

You have to have trained people to conduct external affairs. Macao need to invest in defining priority partners in the international system, because so far the definition was only carried out by China, to Portuguese speaking countries. Macao should not be restricted to that, regional partners, such as South East Asian countries. Not now as the main gate for PSCs.

8.4 Macao's Cultural Affairs

In Macao, Eastern and Western cultures - especially the Chinese and Portuguese, have co-existed for more than 400 years. Throughout this period, each culture has been influencing the other with their cultural traditions, languages, values, customs and even cuisines. Gradually, with such a diverse mix the culture of Macao evolved into something unique. Based on Macao's current administration, operating the principle of "One Country, Two Systems", the Portuguese historical and cultural assets have not

⁵⁴⁹ In-person interview with Prof. Miguel Santos Neves in Lisbon, Portugal, in November 2018.

only been maintained but have also been allowed to flourish. Since the establishment of the Macao SAR, the Macao SAR government has been actively organizing grand events in Macao, on a local, regional and even international basis. These series of events and activities reflect very well the concepts discussed earlier, namely China's public diplomacy and Macao's soft power, since Macao's could build up a benign Chinese image via the local cultural external affairs, based on Macao's diverse and harmonious cultural background. In this regard, the Macao SAR has the potential to promote China's image as well as to build upon China's efforts on its public diplomacy to the international society, based on the Macao's external cultural activities.

8.4.1 Major activities of Macao's cultural external affairs

This section intends to highlight some of Macao's well-known external activities with great cultural themes, in order to illustrate Macao SAR government's working progress on its cultural external affairs. Currently, the local government organizes various cultural events on a regular basis. There are some popular activities and festivals which are held in Macao on an annual basis. These include the Macao Light Festival, Macao International Fireworks Display Contest and Macao Food Festival, each of which attracts numerous tourists and audiences every year. This section has categorized the events and festivals in different themes, such as cultural and arts, musical, sports, as well as recreational events.

8.4.1.1 Cultural and Arts Event

Macao International Parade – the event was originally named as “Parade through Macao, Latin City”, organized by the Cultural Affairs Bureau in 2011 and was

officially renamed as “Macao International Parade” in 2017. The parade provides local arts groups with a platform for their performances, as a way to express their creativity, with the aim to promote the diversified development of Macao’s cultural industries while creating opportunities for Macao local artists to conduct and observe cultural exchanges with incoming international performing groups. In December 2018, the parade attracted more than 70 groups with 1700 participants coming from the mainland China, Macao and Hong Kong SARs, as well as from countries including Japan, Brazil, Spain, Italy, Portugal, France, Mozambique among others.⁵⁵⁰ The performances of the parade in 2018 included folk dances, acrobatics, stilt walking, puppet shows as well as Chinese martial arts.⁵⁵¹

Macao Arts Festival – organized by the Cultural Affairs Bureau, this event took place in early Summer this year, with a mixture of local, regional and international performers from various countries and regions across the globe presenting a diversity of shows and programs. This year, during the 30th Macao Arts Festival with a theme of “a tribute to the classics”, the shows and programs included Cantonese Opera, Western classical and modern music, Chinese music and drama, as well as the Macanese drama, etc.⁵⁵² In addition, several performances were held at Macao’s UNESCO-listed World Heritage sites. In 2018, the 29th Macao Arts Festival was held from 27th April to 31st May, with 25 featured programs and 108 performances and art activities. About half of the programs were presented by local artists, and the rest were

⁵⁵⁰ "Macao Holds Int'l Parade to Mark 19th Anniversary of Return to Motherland," *Xinhua* 2018.

⁵⁵¹ Ibid.

⁵⁵² "30th Macao Arts Festival," ed. Macao Government Tourism Office (MGTO) (2019).

from the mainland China, the Philippines, Japan, the United Kingdom, Korea, Portugal, Germany, Belgium, and more.⁵⁵³ Besides the Macao Arts Festival, the Macao SAR government in 2018, for the first time initiated a similar cultural event specially targeted for the PSCs, called the Arts and Cultural Festival between China and the Portuguese-speaking countries (PSCs), held by the Cultural Affairs Bureau with a theme of “Encounter in Macao”, which in total attracted nearly 100,000 audiences.⁵⁵⁴ During the event, mainland China, and eight Portuguese-speaking countries as well as the Macao SAR participated. The event comprised of five featured activities, including the China and Portuguese-speaking Countries Film Festival; the “Chapas Sínicas – Stories of Macao in Torre do Tombo” exhibition; the China and PSCs Gala Performance; the Cultural Forum between China and the PSCs, and the Annual Arts Exhibition between China and the PSCs.⁵⁵⁵

The Lusofonia Festival – an event associated with the culture of the Macao Portuguese-speaking communities, usually held at the Taipa Houses-Museum. The aim of the event is to enable participants to gain a better understanding of the cultures of various Portuguese-speaking countries and regions. In 2018, during the 21st Lusofonia Festival, ten Portuguese-speaking countries and regions participated in the event, including Angola, Brazil, Cape Verde, Guinea-Bissau, Goa, Mozambique, Portugal, as well as Macao.⁵⁵⁶ The event comprised of performances, music and

⁵⁵³ "Arts Festival, Asian Programs Increased, Budget Reduced," *Macau Daily Times* 2018.

⁵⁵⁴ "Culture and Sport, Macao Yearbook 2019," ed. Government Information Bureau (Macao SAR: Macao SAR Government 2019).

⁵⁵⁵ Ibid.

⁵⁵⁶ "Macao Yearbook 2019," 361.

dances, as well as traditional Portuguese games: about 22,000 people attended the three-day festival.⁵⁵⁷

8.4.1.2 Musical Event

Macao International Music Festival – The 32nd Macao International Music Festival was held from 28th September to 28th October in 2018. Performing groups came from the mainland China, Germany, Austria, Switzerland, Italy, Portugal and the United Kingdom, Jamaica, Argentina, France the United States, Brazil and other states in the world. In all, 9,168 tickets were sold – a take up of over 90 percent of the tickets.⁵⁵⁸ In 2017, during the 31st Macao International Music Festival, a total of 10,301 tickets were sold – a take up of 97 percent of the tickets.⁵⁵⁹ At the same time, performing groups from Italy, South Africa, Germany, Russia, the United States, Austria, Portugal, mainland China, Taiwan region and two SARs, Macao and Hong Kong produced a total of 17 programs and 44 performances.⁵⁶⁰

8.4.1.3 Sport Event

Macao International Marathon – first held in 1981, this is now an annual event, which comprises of a full course Marathon, alongside two shorter routes of a Half-Marathon and Mini-Marathon which allows amateur runners to experience the sport. Every year, the Marathon in Macao has attracted thousands of long-distance athletes

⁵⁵⁷ Ibid.

⁵⁵⁸ Ibid., 316.

⁵⁵⁹ "Macao Yearbook 2018, Culture and Sport," ed. Government Information Bureau (Macao SAR: Macao SAR government, 2018), 316-17.

⁵⁶⁰ Ibid.

not only locally, but also worldwide, making it one of the main landmarks for local sporting affairs. For example, the full course Marathon in 2018 attracted about 1245 athletes from the overseas, representing 40 countries and nations, while about 355 local athletes participated.⁵⁶¹ In 2017, 1064 athletes from abroad joined the full course Marathon, representing 39 countries and regions, while 388 local athletes participated in the game.⁵⁶² At the same time, the Half Marathon and Mini Marathon are also very popular among the runners. In the 2018 Half Marathon, 1442 overseas athletes competed representing 38 countries and regions.⁵⁶³ For the Mini Marathon in 2018, 1279 overseas athletes who participated in the game, came from 31 countries and regions.⁵⁶⁴ The number of participants for all kinds of Marathon games have been relatively stable in the past five years. Moreover, in 2018 alone, the Macao International Marathon attracted runners totaling 12,000 athletes from 53 countries and regions.⁵⁶⁵

The Macao Grand Prix – it is considered as one of the most important annual sporting events held in Macao. In 2018, a total of 157 race drivers from 34 countries and regions participated in the 65th Macao Grand Prix, with the audience totaling 83,000. This year, the Grand Prix in Macao will be joined by other major car races, including the FIA F3 World Cup and the FIA GT World Cup, after receiving authorization from the International Automobile Federation, allowing Macao to hold

⁵⁶¹ "38 Macao International Marathon, Statistics," ed. SAR Sports Bureau (Macao SAR2019).

⁵⁶² Ibid.

⁵⁶³ Ibid.

⁵⁶⁴ Ibid.

⁵⁶⁵ "Macao Yearbook 2019."

those car races simultaneously.⁵⁶⁶ These series of authorizations from the International Automobile Federation mark “a high degree of trust and recognition”, which would further enhance Macao’s “appeal and standing” in the international motorsport community.⁵⁶⁷ In 2017, in the 64th Macau Grand Prix car racing game, a total of 165 race drivers representing 31 countries and regions participated in the competition .

8.4.1.4 Recreational Event

Macao Light Festival – the Macao Government Tourism Office (MGTO) launched its first edition of the Macao Light Festival in 2015, after which, the event was held annually each December at various historical sites in Macao. The event includes “projection mapping, light installations, interactive games and series of other activities.”⁵⁶⁸ According to its official website, the aim of the event is to attract visitors to different historical districts of Macao for “an appreciation of Macao by night and to learn about the local culture and history from innovation angles shaped by light artistry”.⁵⁶⁹ In 2018, the Macao Light Festival took place at the Ruins of St. Paul, Anim’Arte Nam Van, and the Taipa Houses, which have attracted numerous local residents and tourists, to appreciate the illumination over these historic sites.

Macao International Fireworks Display Contest – takes place around October each year, joined by multiple fireworks companies from various countries. This year,

⁵⁶⁶ "Culture and Sport, Macao Yearbook 2019," 376.

⁵⁶⁷ Staff Reporter, "World Cup Events Reflect Fia’s Recognition of Mgp: Pun," *The Macau Post Daily* 2019.

⁵⁶⁸ "Macao Light Festival," ed. Macao Government Tourism Office (MGTO) (Macao SAR: Macao SAR government 2019).

⁵⁶⁹ Ibid.

Macao is hosting its 30th International Fireworks Display Contest. Over the years, more than 100 international teams from the mainland China, the Philippines, Taiwan region, Japan, Australia, the UK, Thailand, France, Germany, Portugal and Spain have participating in this world-class pyrotechnic shoot-cut.⁵⁷⁰ Many tourists choose this time of year to visit Macao to enjoy Macao's night-sky illuminated by spectacular displays of fireworks.

8.4.2 Tourism in Macao

If we look at the discussions of Macao's cultural events and activities illustrated above, it would appear that there are many events taking place every year and the local government has made considerable efforts in promoting its culture outwards. However, if we compare the tourists based on their places of residence, based on the data retrieved from Macao government website, we can get the figure below⁵⁷¹:

Table 7 Visitor Arrivals in Macao by Place of Residence

Visitor Arrivals by Place of Residence (Country & Region)					
	2014	2015	2016	2017	2018
Total	31 525 632	30 714 628	30 950 336	32 610 506	35 803 663
The mainland	21 252 410	20 410 615	20 454 104	22 196 203	25 260 556
Hong Kong	6 426 608	6 534 543	6 419 839	6 165 129	6 327 925
Taiwan	953 753	988 059	1 074 525	1 060 107	1 060 968
India	167 216	167 578	165 278	148 121	147 870
Indonesia	189 189	163 353	182 467	197 139	173 836
Japan	299 849	282 217	300 613	328 990	325 798
Malaysia	250 046	229 102	222 809	218 301	227 854
The Philippines	262 853	276 806	287 025	307 139	312 072

⁵⁷⁰ "30th Macao International Fireworks Display Contest," ed. Macao Government Tourism Office (Macao SAR: Macao SAR Government, 2019).

⁵⁷¹ Data gathered from "Appendix 20 Visitor Arrivals by Place of Residence, Macao Yearbook 2019," ed. Government Information Bureau (Macao SAR: Macao SAR Government, 2019).

Republic of Korea	554 521	554 177	662 321	874 253	812 842
Singapore	196 491	158 814	155 763	143 068	134 840
Thailand	175 906	180 836	236 169	198 222	181 379
Vietnam	14 223	16 120	11 103	6 895	6 846
Other Asian countries	70 235	70 187	70 551	73 620	106 171
Brazil	9 674	9 471	9 974	11 012	11 629
Canada	70 601	70 973	75 173	74 287	74 268
USA	181 457	182 532	190 885	186 378	201 810
Other American countries	23 929	23 351	23 817	24 422	27 222
France	39 976	40 955	42 650	40 374	38 910
Germany	28 191	27 601	29 977	28 719	29 469
The Netherlands	12 157	10 954	11 395	10 854	11 686
Italy	13 758	13 686	13 802	13 861	14 625
Portugal	15 868	15 166	15 624	16 259	15 594
Russia	31 908	22 844	25 147	27 037	30 784
Spain	9 208	9 002	9 659	9 303	10 578
Switzerland	7 230	7 377	7 719	7 445	6 817
United Kingdom	60 756	59 985	61 301	57 121	58 319
Other European countries	50 767	50 114	55 159	57 078	60 649
Australia	105 914	92 404	93 286	88 988	90 914
New Zealand	14 565	13 572	13 731	13 707	14 381
Other Oceanian countries	1 386	1 337	1 372	1 388	1 566
South Africa	5 678	5 528	5 218	5 416	6 359
Others	29 309	25 369	21 880	19 670	19 126

From the data above we can observe that actually most of tourists to Macao come from the mainland China and the Hong Kong SAR, followed by the region of Taiwan, and India and other East Asian countries. On the other hand, as Macao has been commissioned by the central government to build a close tie between China and the PSCs, acting as a role model, clearly Macao is not so well known among the nations in the Lusophone World. For example, from Brazil, the biggest Portuguese-speaking country, only 11,629 tourists came to Macao in 2018, far less than the 74,268 Canadians and the 201,810 Americans respectively. Even from Portugal, the nation which is supposed to have the closest connection to Macao based on historical reasons,

only 15,594 Portuguese visited Macao in 2018, which only surpassed the Italians by about 1000 people. It should be noted that the Italians are a European nation with very limited historical contact with Macao. Meanwhile, the numbers of visitors to Macao from the remaining Portuguese-speaking countries like Mozambique, Angola, East Timor, and others, was so small that they were not even mentioned in the data. As such, the findings of Macao's cultural external affairs would be that, it is more of an 'inward' status rather than an 'outward' one. Meaning that most of the Macao SAR cultural events and activities have been viewed and appreciated by Chinese and tourists from East Asian countries and regions, rather than elsewhere. Despite the many activities relating to cultural events which have been held by the local government, the external world still has little knowledge about Macao. For instance, among the nations of the Lusophony world, apart from the Portuguese people, other Lusophony citizens generally do not have knowledge about Macao, or even its existence, some having stated that they thought it was a place in Africa.⁵⁷² Moreover, as it has been mentioned in other parts in this thesis, the Macao SAR government also has its own limitations in promoting Macao in the Lusophone world. For instance, based on interviews with Portuguese intellectuals, it can be found that local government's human resources have been limited towards the knowledge and cultural appreciation of the Lusophone world. In other words, local public civil servants have very limited knowledge about the PSCs at the moment, never mind making productive contacts with them.⁵⁷³

⁵⁷² Based on in-person interviews with Dr. Marques, Prof. Mendes, Prof. Neves, and the author's own experience while studying in Lisbon in 2018. The author met some postgraduate students in school who all came from Brazil and were studying in Social Sciences subjects, and none of them ever heard a place called Macao or Macao SAR.

⁵⁷³ In-person interview with Prof. Carmen Mendes, and Prof. Miguel Santos Neves in October and November 2019 in Portugal.

8.5 CI in the World and in the PSCs

From the previous analysis of Macao's cultural external affairs based on three different levels, namely central, local and people-to-people exchange levels, two observations could be found. First, compared to other sectors of Macao's external affairs like political and economic sectors, the cultural sector has more resources and assets; second these resources and assets have not been fully utilized, as currently the majority of participants of Macao's cultural activities are from the mainland China, Hong Kong as well as the region of Taiwan, and other East Asian countries and regions. This thesis argues that this is due to the government's current lack of specialized working mechanism in coordinating the utilization of their cultural resources and assets. After discussing the status quo of Macao's external cultural affairs, apart from the working mechanism aforementioned needed, this thesis also proposes a policy recommendation to further strengthen Macao's cultural tie, with a particular focus to the PSCs, in order to let Macao's efforts 'going out' to the overseas. The newly established Confucius Institute (CI) in Macao provides an opportunity for Macao to utilize this as a 'cultural window' to the PSCs. However, this role and function has been neglected and underestimated, given the background fact that the nations in the world are all competing to influence others by their own public diplomacy and resource of soft power through other means than education. In this way, the Macao SAR could contribute to China's diplomacy based on its cultural and historical resources, with the works focused to the PSCs.

This section intends to discuss an area which so far has been found to be underdeveloped, due to the Macao government's aforementioned lack of working

mechanism in implementing its cultural external affairs. Also, in terms of the cultural affairs of the Portuguese-speaking countries (PSCs), the roles and functions that the Macao SAR could play still have a lot of room left unexplored. In the current setting of international politics, ‘winning people’s heart’ and making people want to follow, is much more important than military deterrence or economic sanctions. Therefore, states in the international system are trying their best to create attractiveness and affections from one to another. This trend also happens to China and its related diplomatic strategies, given the concept and framework that have been discussed previously, public diplomacy and soft power have gathered great attentions by state leaders. Public diplomacy is a type of diplomacy, yet it is unlike the traditional diplomacy, where states’ central government make direct foreign contacts to each other. For public diplomacy, the audience or the target is not the central government of a country, rather, it is the general public. In the case of China’s public diplomacy and respective soft power, China has transferred its emphasis on soft power into a “multi-layered approach” to public diplomacy that leverages cultural and education-based assets like the Confucius Institutes (CI), hoping that the CI could elevate the status of China’s soft power.⁵⁷⁴

A major premise in this chapter is the knowledge and understanding of the importance of the Macao SAR. This may seem an irrelevant statement. However, among many present-day Portuguese speaking countries, other than Portuguese nationals, there seems to be only a small portion of the PSC population who are even aware of a place

⁵⁷⁴ Staff Reporter, "The Rise of China's Soft Power, the Good Performance of Confucius Institute, [Zhongguo Ruanshili Jueqi, Kongzi Xueyuan Biaoxian Kequan Kedian]," *China Daily*, September 28 2014.

in China called Macao. For instance, when I was doing research visiting in Lisbon last year, I met some PhD and Masters students from Brazil who were also studying at the University of Lisbon. All of them were majoring in subjects of humanities, such as public administration and journalism, however, none of them had ever heard of a place called Macao. They thought it was a city in Africa! This fact was very surprising to me, based on all the news and information we can see in Macao that the Macao SAR government is presently promoting its tie with the PSCs, especially since Brazil is the biggest state of the PSCs. In light of the importance of foreign states' public, this section introduced the roles and functions that the Confucius Institutes (CI) and their capabilities of a 'bridging role' of the Macao SAR via CI's in promotion amongst the PSCs which could promote Macao and improve its image in the international society. Gradually, China has become a rising and typical case study of soft power in real world politics after the United States.⁵⁷⁵ In this section, it has been stressed that the Confucius Institute can play a special role to connect the Confucius Institutes in the Portuguese Speaking countries (PSCs), via the newly established CI based in the Macao SAR. The new CI under the permission of Hanban office of China, is the first Confucius Institute established in China's special administrative region. The institute is based on the University of Macao's Hengqin campus and it is commissioned to develop "into an international language teaching communication platform, especially for the Portuguese-speaking countries".⁵⁷⁶

⁵⁷⁵ Criag Hayden, *The Rhetoric of Soft Power: Public Diplomacy in Global Contexts* (Lanham, Md: Lexington Books, 2012), 170.

⁵⁷⁶ According to the CI of UM official website, the CI at UM possesses the advantages of locating in China's SAR, and based on "its advantageous geographic location, as well as its cultural and linguistic diversity to develop into an international platform for Chinese language teaching, training, and exchange for students from Portuguese-speaking countries and countries with relations with Macao". "Um to Establish Confucius Institute to Globally Promote Chinese

8.5.1 The Coverage of CIs in the World

It has been more than a decade since the first Confucius Institute was opened in Seoul, South Korea in November 2004 after its approval was given by China's Ministry of Education (MOE).⁵⁷⁷ After that, the total number of the Chinese language teaching and cultural promotion institute of CI has grown rapidly across the globe. By October 2017, there were 516 Confucius Institutes(CI) and 1,076 Confucius Classrooms⁵⁷⁸ founded in 142 countries and regions worldwide Meanwhile, 135 Confucius Institutes were set up in 51 countries along the route of the Belt and Road Initiative.⁵⁷⁹ By the end of 2018, a total of 548 Confucius Institutes had been established across the globe and 1193 Confucius Classrooms had been built among 154 countries in the world, according to the Hanban official website.⁵⁸⁰ Based on the same website, it was shown that 126 Confucius Institutes have been established in 34 Asian states, while 59 have been established in 43 African states, and 182 Confucius Institutes have been opened in Europe among its 41 nations. 160 Confucius Institutes have also been established

Language," Univeristy of Macau, <https://ci.um.edu.mo/news/um-to-establish-confucius-institute-to-globally-promote-chinese-language/>.

⁵⁷⁷ Kenneth King, "Confucius Institutes in Africa: Culture and Language without Controversy? ," in *China-Africa Relations, Building Images through Cultural Cooperation, Media Representation and Communication*, ed. Kathryn Batchelor and Xiaoling Zhang (New York: Routledge, 2017), 98.

⁵⁷⁸ The differences between Confucius Institute and Confucius Classroom usually are based on their size and location. Confucius Institutes are usually located at an overseas' university campus, and they offer not only Chinese language courses, as well as running administrative works. For Confucius Classrooms, they often run in middle and secondary schools, as a type of language course only.

⁵⁷⁹ "Over 500 Confucius Institutes Founded in 142 Countries, Regions," ChinaDaily, http://www.chinadaily.com.cn/china/2017-10/07/content_32950016.htm.

⁵⁸⁰ "Confucius Institute/Classroom (About Confucius Institue/Classroom)," Confucius Institute Headquarters (Hanban), http://english.hanban.org/node_10971.htm.

in America, including 24 on the Latin America continent as well as 21 Confucius Institutes founded in the Oceania.⁵⁸¹ With all of these cultural resources emerging, and exporting Chinese culture to overseas while promoting China's cultural diplomacy as a whole, Macao should not be left out. Macao could play a role in building its ties with the PSCs via the connections of CI based in Macao and the CIs based in the Lusophone World. This move could further strengthen the people-to-people exchanges. The figure below indicates the latest data of the CIs and Confucius Classrooms in the world by end of 2018.

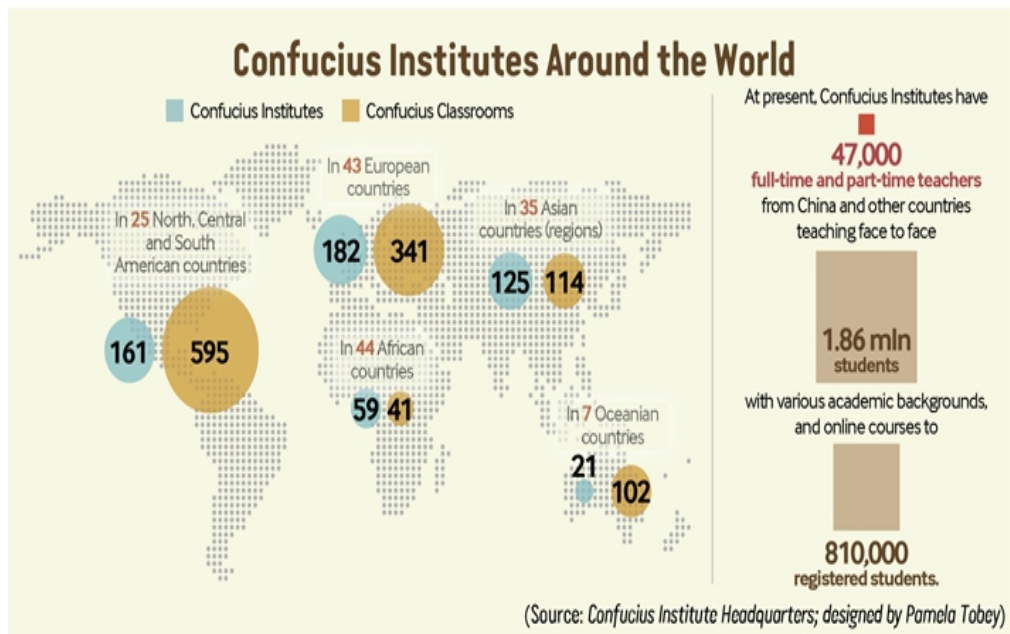


Figure 8 CI and Confucius Classrooms in the World by December, 2018⁵⁸²

According to the Confucius Institute Headquarters, the Confucius Institute was named after the ancient Chinese philosopher Confucius, and portrays itself as a “non-profit

⁵⁸¹ Ibid.

⁵⁸² "Confucius Institutes around the World," Beijing Review, http://www.bjreview.com/Multimedia/Infographics/201812/t20181210_800151024.html.

public institutions which aims to promote Chinese language and culture in foreign countries. ("Over 500 Confucius Institutes founded in 142 countries, regions," 2017)("Over 500 Confucius Institutes founded in 142 countries, regions," 2017)("Over 500 Confucius Institutes founded in 142 countries, regions," 2017)⁵⁸³ Now the CI has “become a platform for cultural exchanges between China and the world as well as a bridge reinforcing friendship and cooperation between China and the rest of the world and are highly welcomed across the globe”.⁵⁸⁴ With the increasing numbers of CIs in the overseas, it has greatly promoted Chinese culture as well as the ‘winning hearts’ of the foreign public and further promoting China’s public diplomacy.⁵⁸⁵ Apart from the attractiveness of a sophisticated Chinese culture and language to foreign countries, the CI deliberately avoided talking about politics, not only in its teaching, but also in making sure that politics did not appear in its textbooks, which was also the key to minimizing the sensitivity of its presence in countries of overseas.⁵⁸⁶ According to western media, the content of CI’s course materials do not push the Chinese government political propaganda, in fact the course materials are “as innocent as strawberries... It looks like the language teaching material for any other language you might want to pick up from a democratic parliamentary state.”⁵⁸⁷

8.5.2 Confucius Institute in PSCs & Macao

⁵⁸³ "Over 500 Confucius Institutes Founded in 142 Countries, Regions".

⁵⁸⁴ "Confucius Institute/Classroom (About Confucius Institute/Classroom)".

⁵⁸⁵ Reporter, "The Rise of China's Soft Power, the Good Performance of Confucius Institute, [Zhongguo Ruanshili Jueqi, Kongzi Xueyuan Biaoxian Kequan Kedian]."

⁵⁸⁶ Jeffrey Gil, "Do Confucius Institutes Teach Chinese Propaganda?," *Asia Times*, March 30 2019.

⁵⁸⁷ Ibid.

Nowadays, many Confucius Institutes (CI) have been developed widely throughout not only the five continents, but also among the states of the Lusophone world. There are nine major Portuguese speaking countries in the world, namely Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, São Tomé and Príncipe, East Timor and Equatorial Guinea: seven of them already have operating CIs. With the development and wider acceptance of the CI in foreign countries, there are now more and more CIs been established in the PSCs compared to the past.

On the other hand, given the number of the CIs established in the PSCs, it can be believed that compared to other continents in the world, the CI's influences among the PSCs have been limited, as most of the CIs in the PSCs have only been established within recent years, given the fact that the first CI in the world was established in 2004. Therefore, it is clear that the impact of the CIs in the PSCs have been underdeveloped. The following table indicates the current CIs and their numbers of operation in the PSCs. This shows that Brazil has the highest number of CIs in their higher education systems, while Portugal is in second place. In Sao Tome and Principe, agreement has been signed by two countries' officials and a CI is on its way to the establishment.⁵⁸⁸ The remaining PSCs has one CI in each of their country while, at the moment, there is no CI in Guinea-Bissau or in East Timor yet.

Table 8 CI in the PSCs⁵⁸⁹

Country	Starting Year	University with CI	Domestic Partner Institute
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⁵⁸⁸ "Premier Li Keqiang Witnesses Signing Ceremony of Establishing Confucius Institute at the University of Sao Tome and Principe," ed. Hanban (China: Hanban, 2018).

⁵⁸⁹ Data gathered from Hanban official website on May 18, 2019.

Angola	2015	Agostinho Neto University	Harbin Normal University
Sao Tome and Principe	upcoming	Sao Tome and Principe University	Hubei University
Mozambique	2012	Eduardo Mondlane University	Zhejiang Normal University
Equatorial Guinea	2016	National University of Equatorial Guinea	Zhejiang International Studies University
Cabo Verde	2015	University of Cabo Verde	Guangdong University of Foreign Studies
Brazil	2008	São Paulo State University	Hubei University
	2012	FAAP Higher education center	University of International Business and Economics
	2013	Federal University of Minas Gerais	Huazhong University of Science and Technology
	2013	University of Pernambuco	Central University of Finance and Economics
	2012	Federal University of Rio Grand Do Sul	Communication University of China
	2010	University of Brasilia	Dalian University of Foreign Languages
	2011	Pontifical Catholic University of Rio de Janeiro	Hebei University
	2014	State University of Campinas	Beijing Jiaotong University
	2014	State University of Pará	Shandong Normal University

	2014	Federal University of Cear	Nankai University
Portugal	2007	University of Lisbon	Tianjin Foreign Studies University
	2005	University of Minho	Nankai University
	2014	Universidade de Aveiro	Dalian University of Foreign Languages
	2016	University of Coimbra	Zhejiang Chinese Medical University
Guinea-Bissau	n/a	none	none
East Timor	n/a	none	none

8.5.3 The CI in the Macao SAR, China

In 2018, under the authorization of the Ministry of Education (MOE) of China, the University of Macao (UM) established its first Confucius Institute (CI) on the university's campus on the Hengqin Island. The UM's CI is the first Confucius institute in not only of the Macao SAR, but of both SARs, which includes the Hong Kong SAR. According to Hanban, this Confucius Institute carries primarily two missions, one is to strengthen the cultural connection with Portuguese Speaking Countries (PSCs), while the second mission is to spread the ideas of Chinese culture.⁵⁹⁰

In this case, the Macao SAR could play a key role in connecting the Confucius Institute in the Portuguese speaking countries, given that background of the first and only Confucius Institute was established in the Macao SAR. The Confucius Institute in

⁵⁹⁰ "Confucius Institute/Classroom (About Confucius Institute/Classroom)".

Macao could connect the Confucius Institutes in the Portuguese speaking countries, since the Macao SAR applies Portuguese as one of its official languages. The theory that same language and similar cultures could have many topics in common, must surely apply to the Portuguese speaking countries and regions? Moreover, perhaps Macao could learn from the experience of a language and culture institute that is similar to the Confucius Institute, the Cervantes Institute. Furthermore, it is not only the CI in Macao which could play a positive role in building a closer connection between Macao, and the PSCs through cultural elements. Also, based on Macao's cultural and historical background, the government could focus more on its higher education as according to former government official Sales Marques, Macao "should have academy, institute that deals with the PSCs exclusively, making Macao a base for learning about the PSCs. People from the mainland could come over to learn how to deal with the PSCs."⁵⁹¹

8.5.4 The Cervantes in the World

Therefore, this thesis argues that the Macao SAR could further strengthen its cultural external affairs, through the channel of CI, based on its newly established CI in 2018, using it to accelerate its frequency of contact between Macao and the PSCs, in order to promote China's cultural diplomacy or public diplomacy as a whole. More importantly, when discussing CI's connection to the PSCs, one point which has been often neglected in academia, especially in local academia, is the importance of Iberian culture's connection to not only Lusophone but also Hispanic culture and nations. To illustrate the case, this section introduces one important institute as a comparative

⁵⁹¹ In-person interview with Dr. José Luís de Sales Marques in Macao in June, 2019.

study to the CI, which has often been underrated, that is the Cervantes Institutes in the world. Lusophone and Hispanic states have common grounds for their culture and history. Lusophone world generally refers to today's PSCs, and the Hispanic world generally refers to states where Spanish is their official language. Both linguistic and cultural systems have the same roots from the Iberian culture, where the Iberian Peninsula is located.

The Cervantes Institute is well known for its Spanish language teaching prestige worldwide. It is also recognized as a Spanish version of the 'Confucius Institute' in Spain, which aims to spread Spanish culture and language to the world. The institute itself is a non-profit organization that was established by Spanish government in 1991, now having developed itself with hundreds of branches across the globe. The institute was named after Miguel de Cervantes (1547–1616), the author of *Don Quixote*, who is often considered to be the most important figure in the history of Spanish literature. Cervantes Institute shares great similarities with the Confucius Institute, as both are culture and language teaching institutes based on one particular country and culture. This following figure is the 'world map' for Cervantes Institutes. By 2016, there are 167 countries and 870 cities in the world that have Cervantes Institutes: the number has largely surpassed the Chinese CI at the moment.

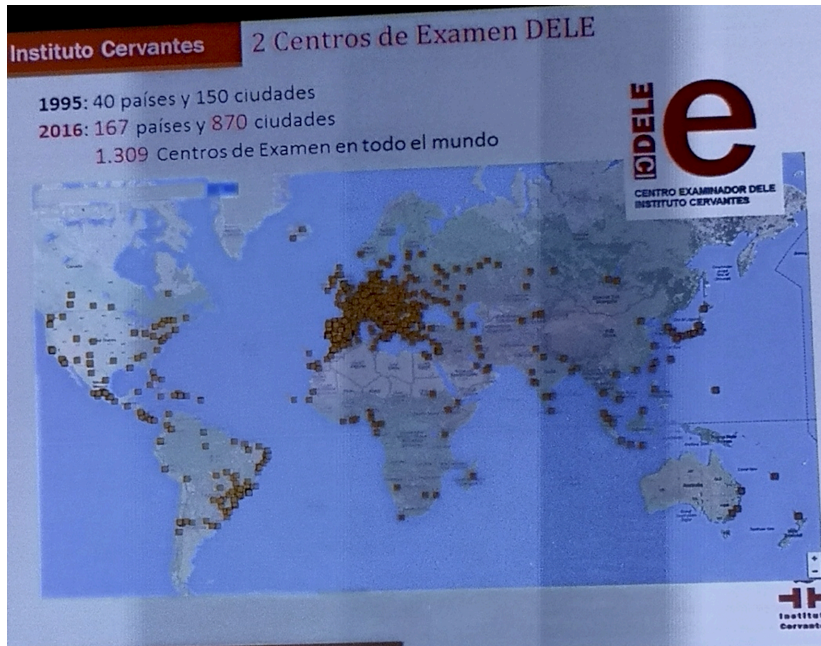


Figure 9 All Cervantes Institutes in the world by 2016⁵⁹²

Macao used to be a Portuguese colony and the Portuguese language was and still is one of the official languages operating in Macao. Many would believe that Macao should focus solely on learning Portuguese language rather than on any other languages. However, myth lies behind both of Latin languages, namely Portuguese and Spanish. The two languages share strong similarities with each other, therefore knowing one is ‘half way’ of knowing the other. This is not just true in Spain and Portugal, but also applicable in Latin America, among countries like Brazil, Argentina, Columbia and Uruguay. More importantly, if the Macao government placed some focus on Spanish language and culture learning, to create opportunities to encourage its citizens, especially the youth, to accept changes which embrace the Spanish culture and language, Macao could build a stronger connection between China and Portuguese-speaking Countries, as well as the Hispanic world. We all know that, in

⁵⁹² Photo taken by the author at a presentation regarding the Cervantes Institute at the headquarter building in Madrid, Spain in June, 2018.

cultural diplomacy, language and culture connections are the key especially when we look at Portuguese and Spanish countries, at the Iberia Peninsula where Portugal and Spain are located. Since both countries have lots in common in terms of language and culture, most of the time both countries would feel closer to each other based on the fact of their shared history and culture. In fact, nowadays, very often, especially of Portuguese and Spanish speaking populations, they are likely to refer to each other as Iberian. Often the word “Iberia” is now used to refer to the Portuguese as well as Spanish speaking countries jointly across the globe, including in Europe, Africa and particularly those developing countries in Latin America. Therefore, at the current stage, Macao is commissioned to strengthen its ties and connections with PSCs, but if Macao could also strengthen its relations with Spanish speaking countries, together with PSCs, namely the Iberian world, they could achieve a greater outcome, given the fact that both Portuguese and Spanish speaking countries share very close language and culture, as well as close partnerships in terms of business cooperation, which was perceived widely by people from the Iberian culture.

In the sense of politics, “Iberia” can surely build a stronger connection across the countries that speak Portuguese and/or Spanish in the world, based on their commonly shared cultural, historical and linguistic roots. Spain has paid attention to elaborate this strength, by setting up the Cervantes Institute since the last century. The institute was named after the author of literature Don Quixote, which even now considers to be one of the most influential pieces of Spanish literature. Nowadays, there are thousands of branches of Cervantes Institutes across the globe. As we know, language institutes like the Cervantes Institute help not only to promote its language but also its culture to countries in overseas. Returning to the concept of “Iberia”, one of the Spanish

professors who hosted us during the study trip in Spain mentioned a concept which was interesting: he talked about the idea of strengthening the tie between Spanish and Portuguese speaking counties based on their commonly shared cultural and historical factors. He was attempting to put forward the idea that if the “Iberia world” could unite together, it would make the “Iberia” countries much stronger, in the sense of business and politics globally. For, as he alluded to, the “Iberia world” represents a considerable high proportion of the world’s population. Therefore, this thesis also argues that Macao’s role should not solely be focused on the PSCs, but also should focus on the Iberian culture as a whole, at least on how the Iberian culture on the Iberian Peninsula perceive themselves; focusing solely on the Lusophone World’s outcome could be limited.⁵⁹³

8.6 Summary

This chapter has demonstrated the Macao SAR’s cultural external affairs and provided conceptual and institutional frameworks. The conceptual framework has focused on the development of China’s public diplomacy, as its partnering concept of soft power’s development in world politics. With Macao’s unique historical and cultural background, Macao could play a role in strengthening its tie with the PSCs, in order to further promote the relations between China and the PSCs. The institutional framework has been analyzed based on three levels: the highest level is the central government’s related governmental bodies, such as the Ministry of Foreign Affairs (MFA), Ministry of Culture and Tourism (MOC), and the Overseas Chinese Affairs

⁵⁹³ Also based on in-person interview with Prof. Miguel Santos Neves in Lisbon, Portugal in November, 2018.

Office of the State Council; the local level has been focused on the Secretariat for Social Affairs and Culture of the Macao SAR government and its related departments under the Secretariat such as the Cultural Affairs Bureau (IC), Macao Government Tourism Office (MGTO); and finally the people-to-people level, which are represented by multi-cultural communities in the Macao SAR.

Compared with other perspectives of external affairs, Macao SAR's cultural affairs is rather in an underdeveloped and under-discovered status. Macao has tremendous cultural assets, generated throughout its history, which have not been utilized. The two prestigious UNESCO titles are good examples (City of Gastronomy, World Heritage Centre). These two titles could be further utilized to promote Macao's international status. The central government and the Macao SAR government could establish new strategies in promoting Macao's culture to overseas. Public diplomacy or cultural diplomacy plays an important role in today's international politics, which could affect one state's perception to another, and in this case, public diplomacy provides important conceptual framework for the Macao SAR government to carry out its future works on its cultural external affairs with good directions. Public diplomacy is tremendously important in making contacts with other nations, as bad public diplomacy could affect the mutual image between nations.

Referring to what has been extensively discussed throughout this chapter, regarding Macao's cultural external affairs, there is a lot more work which could have been done. The Macao local government is not fully utilizing Macao's cultural assets and their related advantages to improve Macao further. One of the main reasons for this being true at the moment is that there is no official government body or office to coordinate

and make plans or strategies for these resources and assets. A further reason is that the local government lacks of motivation to act, as the gaming industry has long become the Macao 'pillar' industry, providing sufficient tax income to the local government to keep itself operating well. So, Macao is not in an 'urgent' status for developing other industries, in this case, the cultural industry.

In addition, with the newly established Confucius Institute in the Macao SAR, as well as the current education exchange programs between Macao and overseas countries, the Macao SAR could further strengthen its influence on cultural affairs, and project a benign image to overseas countries and regions, as well as to project a good image of a fast-growing China by utilizing the CI's capabilities and local cultural resources in making connections with the PSCs. The cultural external affairs of the Macao SAR have a huge potential but are currently being underdeveloped. Maybe the new CI in Macao could learn from the experience of the Cervantes Institutes from Spain, not only to utilize Macao's Portuguese language as an advantage, but also to promote Macao's unique culture in the Iberian world, to further promote China's public diplomacy, as well as to elevate the Iberian world's recognition to the Macao SAR, in China as a whole. Ultimately, this chapter argues that, compared with other fields of external affairs such as in legal, economic, political sectors, the Macao SAR is probably enjoying the highest level of autonomous power but with the most underdeveloped agenda and capabilities in terms of its external cultural affairs. The benefits of strengthening such a channel not only helps Macao's outreach to other countries and regions in the world, but will also promote the development of China's public diplomacy and its external image in the international society as a whole.

Chapter 9 Conclusion

9.1 Important Elements of Findings

In conclusion, this doctoral thesis has demonstrated the most important components of the Macao SAR's external affairs, with focuses on Macao's legal, economic, political and cultural external affairs. This topic is very important because as a subnational government of China, like other major subnational governments on the mainland, the Macao SAR government is also becoming more influential on the international stage, rising in importance as a subnational government in today's world politics.

As one of China's subnational governments, the Macao SAR possesses two key features which makes it stand out from other subnational governments on the mainland. First, like its counterpart, the Hong Kong SAR, it is one of China's special administrative regions, operating under the "One Country, Two Systems" principle, which enable it to possess high degree of autonomous power. The second key feature is based on Macao's special historical and cultural background, being heavily influenced by the Portuguese culture from their settlement in Macao for more than 400 years. Most of these historical legacies have remained thanks to the "One Country, Two Systems" formula. During the period of Portuguese Macao, Macao's external affairs had been very limited as very little power was given by the colonial Portuguese government. Portugal, during that period was merely using Macao as an "opening door" to do business with China.⁵⁹⁴ Moreover, after the Carnation Revolution took place in the 1970s in Portugal, Portugal started its wave of de-colonization, by abandoning all

⁵⁹⁴ In-person interview with Prof. Carmen Mendes in Coimbra, Portugal in November, 2018.

of its former overseas colonial territories, included Macao. Therefore, there was a period when the sovereignty of Macao was unclear, as on the one hand, after the revolution in Portugal, the new Portugal government recognized Macao as a part of China, while on the other hand, China did not exercise its sovereignty over Macao until 1999. This “unclear international status” of Macao hindered it from further developing external relations in the international society.⁵⁹⁵

The *Macao Basic Law* and the “One Country, Two Systems” principle have provided the legal foundation for the Macao SAR to conduct its external affairs. Moreover, based on these legal means, international treaties and memberships to international organizations that the Portuguese Macao had signed and joined are still effective after China’s retrocession of Macao in 1999. Furthermore, the Macao SAR is still capable of joining related international organizations and signing international treaties under the guidance of the MFA commissioner’s office in Macao. As the *Macao Basic Law* acts as the power source of Macao SAR external affairs, it has enlisted (Art. 136) many areas of external affairs that the Macao SAR government is entitled to deal with on its own. The *Macao Basic Law* has also clarified that the areas of diplomatic affairs and the defense of the Macao SAR are the responsibility of the central government. As such central government has stationed two official units in Macao to deal with these areas: the MFA Commissioner’s office in Macao, and the PLA barrack in Taipa respectively. The PLA garrison stationed in Taipa barrack did a terrific job in post-disaster relief after the super typhoon “Hato” hit Macao in 2017, where the troops were mobilized when the central government received a request from the local Macao

⁵⁹⁵ In-person interview with Mr. Harald Brüning in Macao in June, 2019.

government, which also showed the smooth operation model of the “One Country, Two Systems” principle and the cooperation between the two governments.

As a concluding chapter of this PhD thesis, it argues that in terms of external affairs, the Macao SAR enjoys tremendous and yet sector-dependent autonomous power. The level of autonomous power in Macao’s external affairs depends on the specific sector. As has been discussed throughout this thesis, currently there are three main sectors representing the Macao’s SAR external affairs, namely the economic, political and cultural sectors. Each of these sectors enjoy different levels of power in relation to external affairs. For example, in the sector of economic external affairs, it enjoys a ‘moderate’ level of autonomous power, as Macao is participating in some national development projects such as the BRI, the GBA, and foreign policy mechanism, such as the Forum Macao. All of these mandates stem from the central government who commissioned Macao to carry them out, all be it with a fair degree of autonomous power exercised by the Macao SAR government.⁵⁹⁶ As well as the establishment of the Forum Macao has widely been considered as one of the biggest accomplishments of the Macao SAR’s external affairs.⁵⁹⁷

On the other hand, the political sector of Macao’s external affairs has been limited, due to its sensitivity, and as it has been defined in the *Macao Basic Law*, diplomatic affairs and defense are the responsibility of the central government. Diplomatic affairs and defense play major roles in political matters in most of the countries and regions

⁵⁹⁶ In-person interview with Prof. Carmen Mendes in Coimbra, Portugal in November, 2018.

⁵⁹⁷ Based on in-person interviews conducted for this thesis.

in the world. Nevertheless, there are still areas of political external affairs which are not involved with issues of sovereignty or armed defense, that the Macao SAR government could still take part and play a role in, as well as to contribute to the nation's overall diplomacy. In this regard, this thesis has highlighted the examples of Macao's role in the cross-strait relations, as well as the role of Macao in Sino-US relations with respective case studies. Even though the current political mandate to Macao from the central government has been few and limited, with the establishment of the Commission for the Defense of State Security in Macao, this thesis argues that in the future there will be more roles for Macao to play in its political external affairs, based on more political mandates commissioned from the central government.

Moreover, the cultural sector of external affairs is very special compared to the other two areas, as the cultural elements or assets of Macao has on the one hand the most potentials, it is also the one area which has been mostly underdeveloped. With the Portuguese settlement in Macao for almost 500 years, Macao even now is still soaked in enriched elements of Portuguese culture. With the establishment of the Forum Macao in 2003, Macao has been commissioned with the task of building a bridge for the communication between China and the PSCs. Since Macao has also received two prestigious UNESCO titles in recent years, one is the City of Gastronomy, another is the World Heritage Center, Macao's international status has been elevated in various means. With all of these cultural achievements based on Macao's historical legacies, Macao has been 'passively' promoting its cultural external affairs. There is an asymmetrical relation between the Macao's cultural resources and its respective outcomes, and there is a lot more work that the local government could have done. For example, there have been more than 12 years in which Macao has not built sister-

cityhood with foreign cities, and those already existed sister-cityhood have not produced any meaningful outcome. This thesis argues that the reason Macao's cultural external affairs have been so underdeveloped is due to the fact that the local government is focusing too much on its gaming industry's revenue and to finding solutions to social issues in the local society as a result of this industry. It leaves little room for the government to fully utilize the local city's cultural resources and assets, to carry the city farther in this regard. The Macao SAR may also face challenges in promoting its cultural external affairs because of its current limited human resources and the fact that the government does not have enough professional knowledge not only in the Portuguese language but also of the cultures of the Lusophony world.⁵⁹⁸ Therefore, it can be stated that the degree of autonomous power of Macao's external affairs would be dependent on the specific area or sector.

9.2 Theoretical Implication

This thesis provides updates, with extensive examples, to the theoretical framework of subnational government's participation in today's international politics. This thesis has taken the Macao SAR as an example, distinguished its strengths and differences, to make it comparable with other typical subnational governments in the world, and their ways of operation. It is argued in this thesis that the Macao SAR runs under a special model which is comparatively different from other influential subnational governments in the world. This is primarily due to the model of "One Country, Two System", jointly managed by China's Constitution and the *Macao Basic Law*, as well

⁵⁹⁸ Based on in-person interviews with Prof. Carmen Mendes & Prof. Santos Neves in Portugal, 2018.

as influenced by its special historical and cultural features, making Macao distinctive from other China's subnational governments on the mainland when making foreign contacts. In addition, like many subnational governments in China which have geopolitical priorities in their external relations, the Macao SAR also has its priorities, namely the PSCs and the EU, both based on Macao's own historical legacies. As has been discussed throughout this thesis, there are three dominant theories for examining the involvement of subnational governments in today's international affairs, namely state-centric theory, para-diplomacy theory, and multi-layered diplomacy theory. In the case of the Macao SAR's external affairs, no single theory seems to be able to explain the entire case itself, especially in terms of the relations between the central government and the Macao SAR government. The reason behind this was primarily due to the "One Country, Two Systems" principle and the *Macao Basic Law*, which have largely differentiated the Macao SAR from other comparable subnational governments in China, as well as in the rest of the world. These two important components established vital legal foundations for the Macao SAR's external affairs. In terms of the theoretical implication, for the three theories mentioned above, in the case of the Macao SAR's external affairs, different sectors of external affairs seem to have different features generated from these theories. For example, for political external affairs, the Macao SAR enjoys less room for exercising its external affairs' power, as the central government shows a higher level of control, based on the fact that the topic of politics is more sensitive than other sectors. Therefore, in this area, the state-centric theory is more suitable in explaining the relations between the central government and the Macao SAR government in terms of the latter's political external affairs. For economic external affairs, the Macao SAR is currently participating in some national development projects, such as the BRI and the GBA, as well as the

Forum Macao, an older project, which has been operating for more than a decade. All of these initiatives and strategies are commissioned from the central government which authorized the Macao SAR government to do its part in contributing to the nation. In this regard, multi-layered diplomacy theory shows better fitness in explaining this type of relations, as there are governmental institutions on both central and local levels working together, showing a cooperative relationship, to jointly promote China's diplomatic works as a whole. For culture external affairs, as has been illustrated in Chapter 8, it is in this sector that the current Macao SAR is mostly underdeveloped. Based on Macao's special cultural and historical background, Macao reserves tremendous resources and assets in this regard. In a deeper sense, Macao is the only Chinese city which has frequent contacts with the PSCs, as Chinese cities on the mainland do not have the capabilities for outreaching to the Lusophone world. Therefore, Macao is the only Chinese city capable of promoting China's relations with the PSCs. There is no such resource in the mainland's cities. Therefore, the para-diplomacy theory fits better in explaining this type of relations between the central government and the Macao SAR government, as the former provides the direction while the latter implements it with great autonomous power.

9.3 Empirical Significance of Research

The empirical significance of this thesis is that it has explored a topic which has been rarely touched upon, namely the Macao SAR external affairs as one of China's subnational governments. Since the study of subnational government and its related foreign affairs have been a new and trendy topic worldwide in the recent decade, in China, most of the current research on China's subnational governments and their related foreign affairs have been focusing on those major provincial and large

municipal governments, such as Guangxi Zhuang Autonomous Region, Shanghai Municipality and Liaoning Province. Nevertheless, Macao as China's Special Administrative Region, and as one of China's subnational governments, with its provincial administrative status, its room and capabilities for conducting its related external affairs have seldom been looked at. Therefore, this piece of work sits on the beginning of a landmark proceedings which is new and underexplored, yet with great potentials of an area that is waiting to be revealed.

9.4 Research Limitations

This thesis contains some limitations. First, it did not make extensive comparison with the Hong Kong SAR, another China's SAR, the reason being that, the case of the Hong Kong SAR is a far more complicated topic than the Macao SAR. The Hong Kong SAR is more controversial than the Macao SAR. Sometimes a simple discussion of the topic could draw very different opinions and could eventually lead to confrontations in Hong Kong's society: China's extradition legal bill to Hong Kong in the summer of 2019 is a persuasive example. The Macao SAR is more stable on its domestic level, which makes it a good example in which to examine the role of the Basic Law and the model of "One Country, Two Systems" principle. Another reason for not including the Hong Kong SAR putting the complicated issues aside, was that if the Hong Kong SAR case was studied in the same length and developed to the same depth as the study of the Macao SAR alone, the tremendous work volume would not be a manageable PhD thesis.

Another limitation of this thesis would be that, it could not get access to conduct interviews from some current governmental officials. Many attempts have been made in requesting interviews, however, those governmental officials either expressed lack of interest in being interviewed, or the only help given was in simply providing some works which their office had done, without sharing anything ‘insightful’, as it was the kind of material which could be found on many news websites as public information. So, in terms of this limitation, it is rather complicated, because those potential interviewees who are working as current government officials, seem concerned about ‘giving wrong answers’ to interview questions, and seem afraid that by contributing they may find themselves to be ‘demoted’ from their jobs. Many also seemed to think that it was never in their best interest to take part in an interview from a student, even though sometimes the recommendation from others was already present in the first place.

9.5 Perspectives for Future Work

As discussed, one of the shortcomings was that this thesis did not include the case of the Hong Kong SAR, the counterpart of Macao SAR. The Hong Kong SAR has more economic power based on its economic superior development than Macao and is more active in its external relations. However, by taking into consideration the volume of work in adding the Hong Kong SAR into this doctoral thesis, it would not be a well-managed piece of work. In this case, it will be left to future research to shed light upon the case of Hong Kong SAR, and attempt to integrate it with the case of the Macao SAR, in order to make a better comparison, and to better understand their jobs and duties as China’s special administrative regions, in terms of their respective external affairs.

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Appendix I

List of Macao SAR's participation in International Organizations and Associations⁵⁹⁹ (Last updated 2018/1)

1. The Macao SAR participates in international organizations and mechanisms as China's delegation⁶⁰⁰ (totaling of 18)

Names of International Organization & Association	Year	Participating Body
1. UN Economic and Social Commission for Asia and the Pacific (UNESCAP) ⁶⁰¹	1991	Economic Services Bureau
2. World Intellectual Property Organization (WIPO) Standing Committee on Copyright and Related Rights (SCCR)	2001	Economic Services Bureau
3. International Labor Organization (ILO)	1986	Labor Affairs Bureau
4. International Monetary Fund (IMF)	1999	Macao Monetary Authority
5. World Bank (WB)	1999	Macao Monetary Authority
6. International Criminal Police Organization	1989	Judiciary Police

⁵⁹⁹ Data gathered from the official website of the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region. Website:

<http://www.fmcoprc.gov.mo/eng/tytgjizz/tyyflsw/313/t1612529.htm> Last updated 01/2019, last accessed 03/2019.

⁶⁰⁰ Only sovereign state can participate as formal member. According to the *Macao Basic Law*, the Macao SAR could participate as China's delegation or participate to be permitted by the China's central government or related international organizations.

⁶⁰¹ The Macao SAR participates as Associate Member.

(INTERPOL) ⁶⁰²		
7. United Nations Commission on Narcotic Drugs (UNCND)	2012	Judiciary Police
8. Heads of National Drug Law Enforcement Agencies (HONLEA) for Asia and the Pacific	2011	Judiciary Police
9. WHO Regional Committee for the Western Pacific	1993	Health Bureau

10. UN Educational, Scientific and Cultural Organization (UNESCO) ⁶⁰³	1995	Education and Youth Affairs Bureau
11. International Hydrographic Organization (IHO)	N/A	Marine and Water Bureau
12. East Asia Hydrographic Commission (EAHC)	N/A	Marine and Water Bureau
13. Universal Postal Union (UPU)	N/A	Post and Telecommunications Bureau
14. Asia-Pacific Postal Union (APPU)	2000	Post and Telecommunications Bureau
15. International Telecommunication Union (ITU)	1999	Telecommunications Regulation Bureau

⁶⁰² The Macao SAR participates as a Sub-Bureau of the China National Central Bureau of INTERPOL.

⁶⁰³ The Macao SAR participates as an Associate Member.

16. Asia-Pacific Tele community (APT) ⁶⁰⁴	1993	Telecommunicat ions Regulation Bureau
17. International Civil Aviation Organization (ICAO)	1991	Macao Civil Aviation Authority
18. International Telecommunications Satellite Organization	N/A	Post and Telecommunicat ions Bureau

⁶⁰⁴ The Macao SAR participates as an Associate Member.

2. The Macao SAR participate in international organizations and mechanisms as non-state participant ⁶⁰⁵ (totaling of 23)

Name of Organization	Year of Participation	Member type	Participating Body
1. International Civil Aviation Organization (ICAO) Public Key Directory (PKD)	2010	Non-state Participant	Identification Services Bureau
2. World Trade Organization (WTO)	1995	Member	Economic Services Bureau
3. APEC, PPSTI, SMEWG, TWG, TPTGG	2001	Guest Economy	Economic Services Bureau

4. Anti-Drug Liaison Officials' Meeting for International Cooperation (ADLOMICO)	2011	Participant	Judiciary Police
5. Asian and Pacific Conference of Correctional Administrators (APCCA)	2002	Member	Correctional Services Bureau

⁶⁰⁵ Not limited to sovereign states, so the Macao SAR could participate in the name of "Macao, China".

6. OECD Global Forum on Transparency and Exchange of Information for Tax Purposes	2009	Member	Financial Services Bureau
7. Study Group on Asian Tax Administration and Research (SGATAR)	2007	Member	Financial Services Bureau
8. Asia/Pacific Group on Money Laundering (APG)	2001	Member	Financial Intelligence Office
9. The Group of International Finance Center Supervisors	1998	Member	Macau Monetary Authority
10. South East Asia, New Zealand, Australia (SEANZA)	1998	Member	Macau Monetary Authority
11. International Association of Insurance Supervisors (IAIS)	1994	Member	Macau Monetary Authority
12. Asian Forum of Insurance Regulators (AFIR)	2007	Member	Macau Monetary Authority
13. World Custom Organization (WCO)	1993	Member	Macau Customs Service
14. International Drug Enforcement Conference (IDEC)	2011	Participant	Judiciary Police

15. World Tourism Organization (UNWTO)	1981	Affiliate member	Macao Government Tourism Office
16. International Steering Committee for Global Mapping (ISCGM)	1998	(Participating Region)	Mapping and Land Registry Bureau
17. Permanent Committee on Geographic Information for Asia and the Pacific (PCGIAP)	1998	Official Member	Mapping and Land Registry Bureau
18. International Maritime Organization (IMO)	1990	Liaison Member	Marine and Water Bureau
19. The Memorandum of Understanding of Port State Control in the Asia- Pacific Region (Tokyo MOU)	2003	Observant	Marine and Water Bureau
20. World Meteorological Organization (WMO)	1996	Regional Member	Macao Meteorologi cal and Geophysica l Bureau
21. (UNESCAP/WMO) Typhoon Committee	1992	Regional Member	Macao Meteorologi cal and Geophysica l Bureau
22. Anti-Corruption Action Plan for Asia and the Pacific	2006	Member	Commission Against Corruption
23. Irving Fisher Committee on Central Bank Statistics, Bank for International Settlements	2017	Member	Macao Monetary Authority

3. The Macao SAR participates in non-governmental international organizations and mechanisms (totaling of 70)

Organization Names	Year	Status	Participant
1.Global Privacy Enforcement Network (GPEN)	2012	Full Member	Office for Personal Data Protection
2.Asia Pacific Privacy Authorities (APPA)	2012	Full Member	Office for Personal Data Protection
3. International Conference of Data Protection and Privacy Commissioners	2008	Observant	Office for Personal Data Protection
4.Boao Forum for Asia	2001	Diamond Member	Macao Foundation
5. International Organization for Standardization/Ideographic Rapporteur Group (ISO/ IRG)	2001	Member	Public Administration and Civil Service Bureau
6. The Union of Luso-Afri American -Asiatic Capital Cities	1985	Member	Civic and Municipal Affairs Bureau ⁶⁰⁶
7. Eastern Regional Organization for Public Administration (EROPA)	1985	Member	Public Administration and Civil Service Bureau
8. Asian-Oceanian Standard-Setters Group (AOSSG)	2009	Member	Financial Services Bureau
9. International Statistical Institute (ISI)	1990	Member	Statistics and Census Service

⁶⁰⁶ Formerly named the Civic and Municipal Affairs Bureau, now named as Municipal Affairs Bureau since the beginning of 2019.

10. International Association for Official Statistics (IAOS)	1988	Member	Statistics and Census Service
11. International Association for Statistical Computing (IASC)	1990	Member	Statistics and Census Service
12. International Association of Survey Statisticians (IASS)	1990	Member	Statistics and Census Service
13. World Skills International	1983	Member	Labour Affairs Bureau
14. International Association of Labor Inspection (IALI)	1985	Member	Labour Affairs Bureau
15. Asia-Pacific Occupational Safety and Health Organization (APOSHO)	prior to 1999	Associate Member	Labour Affairs Bureau
16. International Social Security Association (ISSA)	prior to 2004	Division Member	Labour Affairs Bureau
17. Consumers International (CI)	1997	Member	Consumer Council
18. Egmont Group Intelligence Units of Financial	2009	Member	Financial Intelligence Office
19. Asian Trade Promotion Forum (ATPF)	1999	Member	Macau Trade and Investment Promotion Institute
20. World Association of Investment Promotion Agencies (WAIPA)	2005	Member	Macau Trade and Investment Promotion Institute
21. Global Association Industry (UFI) of Exhibition	2005	Member	Macau Trade and Investment Promotion Institute

22. International Association of Exhibitions and Events (IAEE)	2006	Member	Macau Trade and Investment Promotion Institute
23. International Congress and Convention Association (ICCA)	2012	Member	Macau Trade and Investment Promotion Institute
24 International Insurance Society (IIS)	2004	Non-member	Macau Monetary Authority
25. East Asia Insurance Congress (EAIC)	2006	Non-member	Macau Monetary Authority
26. Asian Forensic Sciences Network (AFSN)	2012	Member	Judiciary Police
27. The International Society of Blood Transfusion (ISBT)	Prior to 1997	Affiliate Member	Health Bureau
28. American Association of Blood Banks (AABB)	Prior to 2002	Member	Health Bureau
29. Australian Council on Healthcare Standards (ACHS)	2012	Member	Health Bureau
30. International Association of Cancer Registries (IACR)	2011	Associate Member	Health Bureau
31. Asia Pacific Blood Network (APBN)	2012	Associate Member	Health Bureau
32. International Hospital Federation (IHF)	2013	Associate Member	Health Bureau
33. Asian School Sports Federation	1992	Member	Education and Youth Affairs Bureau

34.Asian School Football Federation	1985	Member	Education and Youth Affairs Bureau
35. International Council on Archives (ICA)	1983	A Class Member	Cultural Affairs Bureau
36.East Asian Regional Branch of ICA (EASTICA)	1993	Founding Member & Executive Member	Cultural Affairs Bureau
37. International Federation of Library Associations and Institutions (IFLA)	1988	Member	Cultural Affairs Bureau
38. International ISBN Agency	2000	Member	Cultural Affairs Bureau
39. ISSN International Center	2000	Member	Cultural Affairs Bureau
40. International Federation of the Phonographic Industry (IFPI)	2000	Member	Cultural Affairs Bureau
41. International Federation of Arts Councils and Culture Agencies (IFACCA)	2003	Affiliate member	Cultural Affairs Bureau
42. Association of Asian Performing Arts Festivals (AAPAF)	2004	Member	Cultural Affairs Bureau
43. World Tourism Cities Federation (WTCF)	2012	Council Member	Macao Government Tourism Office
44. Pacific Asia Travel Association (PATA)	1958	Member	Macao Government Tourism Office

45. International Congress and Convention Association (ICCA)	1995	Member	Macao Government Tourism Office
46. The Asian Association of Convention and Visitor Bureaus (AACVB)	1985	Member	Macao Government Tourism Office
47. International Hotel & Restaurant Association	1984	Member	Macao Government Tourism Office
48. WorldFamily Organization	1995	Member	Social Welfare Bureau
49. International Association for Sports and Leisure Facilities (IAKS)	1989	Member	Sports Bureau
50. Association of International Marathon and Distance Races (AIMS)	1990	Member	Sports Bureau
51. The Association for International Sport for All (TAFISA)	2000	Member	Sports Bureau
52. International Council of Sport Science and Physical Education (ICSSPE)	2000	N/A	N/A
53. Asiania Sport for All Association (ASFAA)	2000	Member	Sports Bureau
54. The Olympic Council of Asia	1989	Member	Sports Bureau
55. International Network for Quality Assurance Agencies in Higher Education (INQAAHE)	2012	Associate Member	Tertiary Education Services Office
56. Asia-Pacific Quality Network (APQN)	2012	Associate Member	Tertiary Education Services Office

57. CHEA International Quality Group (CIQG)	2015	Member	Tertiary Education Services Office
58. International Association of Ports and Harbors	2013	Member	Marine and Water Bureau
59. International Association of Lighthouse Authorities	1995	Member	Marine and Water Bureau
60. World Savings and Retail Banking Institute	1992	Member	Post and Telecommunica tions Bureau
61. Asia Pacific Post Cooperative (APPC)	2000	Voting Member	Post and Telecommunica tions Bureau
62. Asia PKI Consortium (APKIC)	2003	Main Member	Post and Telecommunica tions Bureau
63. Asia Pacific Network of Science and Technology Centers (ASPAC)	2004	Voting Member	Post and Telecommunica tions Bureau
64. The European Telecommunications Standards Institute (ETSI)	1996	Associate Member	Telecommunica tions Regulation Bureau
65. International Society of Air Safety Investigators (ISASI)	2014	Member	Macau Civil Aviation Authority
66. International Association of Prosecutors (IAP)	2000	Member	Public Prosecution Office
67. International Association of Anti-Corruption Authorities (IAACA)	2006	Member	Public Prosecution Office

68. International Ombudsman Institute (IOI)	1997	Member	Commission Against Corruption
69. Asian Ombudsman Association (AOA)	1996	Founding Member	Commission Against Corruption
70. International Corrections and Prisons Association (ICPA)	2016	Blue Diamond Member	Correctional Services Bureau

Appendix II

List of Agreements Concluded by the Macao SAR Government under Authorization by the Central People's Government⁶⁰⁷

(Up to December 2007)

1	Agreement on Mutual Encouragement and Protection of Investments between the Macao Special Administrative Region of the People's Republic of China and the Republic of Portugal
2	Agreement on Juridical and Legal Assistance between the Macao Special Administrative Region of the People's Republic of China and the Republic of Portugal
3	Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Islamic Republic of Pakistan
4	Amendment to the Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Singapore
5	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Kingdom of Cambodia concerning Air Services
6	Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Czech Republic
7	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Air Services
8	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the French Republic concerning Air Services

⁶⁰⁷ Data gathered from the official website of the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Macao Special Administrative Region. Website:

<http://www.fmcoprc.gov.mo/eng/ytygizz/tyyflsw/314/t241610.htm> Last update December 2007. Accessed on 28th March, 2019.

9	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Democratic Socialist Republic of Sri Lanka for Air Services between their Respective Areas
10	Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of Mongolia
11	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Maldives concerning Air Services
12	Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Iceland
13	Memorandum of Understanding on Amendment to the Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of Malaysia
14	Memorandum of Understanding on Amendment to the Air Services Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Socialist Republic of Vietnam
15	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Independent State of Samoa on Mutual Exemption of Visa Requirements
16	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Estonia on Abolition of Visa Requirements
17	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Namibia on Mutual Exemption of Visa Requirements
18	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Poland on the Abolition of Visa Requirements

19	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Lithuania on Mutual Abolition of Visa Requirements
20	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Hungary concerning the Mutual Abolition of the Visa Requirement
21	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Kingdom of Thailand on Exemption of Visa Requirements
22	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Slovak Republic on Abolition of Visa Requirements
23	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of the Republic of Latvia on Exemption of Visa Requirements
24	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of Mongolia on Mutual Abolition of Visa Requirements
25	Agreement between the Macao Special Administrative Region of the People's Republic of China and the Republic of Mali on Mutual Abolition of Visa Requirements
26	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Government of Republic of Bulgaria on Mutual Abolition of Visa Requirements
27	Agreement between the Macao Special Administrative Region of the People's Republic of China and the Commonwealth of Dominica on Mutual Abolition of Visa Requirements
28	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Swiss Federal Council on Mutual Abolition of Visa Requirements

29	Agreement between the Macao Special Administrative Region of the People's Republic of China and the European Community on the Readmission of Persons Residing without Authorization
30	Agreement between the Government of the Macao Special Administrative Region of the People's Republic of China and the Swiss Federal Council on the Readmission of Persons Residing with Unauthorized Stays

Appendix III

Interview Questions

Interview Questions on Macao SAR's External Affairs for Prof. Moisés Silva Fernandes

1. As for Macao SAR's external affairs, in terms of Macao SAR and central government relations, some would argue that Macao SAR merely follows the political mandates from the central government and enjoys very low actual autonomy, while others would disagree, what do you think? How much autonomy does Macao SAR enjoy, and what are the limitations? Please give examples.
2. As for Macao SAR's external affair, which areas Macao SAR needs authorization from the central government, and which do not? Please give examples.
3. As for Macao SAR's external affair, what has Macao SAR accomplished? what has changed compared with Portuguese Macao before 1999 in terms of external affairs?
4. As for Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.
5. Regarding the sovereignty issue of Macau during the Portuguese occupation period, some argue that the sovereignty of Macau was never transferred as China never ratified it to Portugal, while others argue that Portugal's *de facto* occupation of Macau means a transfer to sovereignty to Portugal from China, what do you think?

6. In terms of Macau's cultural connections with the Portuguese speaking countries, some would argue that the cultural, linguistic, social ties only appear in political rhetoric, whereas others would argue that the cultural factor does building a closer relation between Macau and the PSCs, and Macao plays a positive role among it. What do you think?

7. For Confucius Institute, could you please introduce what works have been done in Portugal, and what are the achievements? What do you think about how the local society may have commended on the Confucius Institutes?

8. As an overseas cultural institute (Confucius Institute), how much autonomy do you think the institute enjoys when it comes to cultural affairs? What areas of work would need authorization from the central government, and which areas do not? Please give examples.

9. To what extent do you think Confucius Institute can contribute to China's cultural diplomacy and public diplomacy?

10. On China's cultural diplomacy, what strengths, weaknesses and potentials do you think Macao have?

11. Based on the cultural and linguistic ties between Macao, Portugal and Portuguese Speaking Countries, in your opinion, what roles can Confucius Institute play among it?

12. The first Confucius Institute in Macau was established in 2017, on China and PSCs relations, what signals do you think it is giving out and what potentials do you think it has from Macao?

13. As we know, Cervantes Institute is another big name from Spain as a language and cultural institute. When comparing Cervantes Institute and Confucius Institute, what are the common points and differences?

14. Any other points you would like to share? Please speak freely.

Interview Questions on Macao SAR's External Affairs for Prof. Miguel Santos

Neves

1. As for Macao SAR's external affairs, in terms of Macao SAR and central government relations, some would argue that Macao SAR merely follows the political mandates from the central government and enjoys very low actual autonomy, while others would disagree, what do you think? How much autonomy does Macao SAR enjoy, and what are the limitations? Please give examples.

1a. In international relations, there are three dominant theories to describe the politics of sub-national government; state-centric theory, para-diplomacy theory and multi-layered theory, as for Macao SAR government's external affairs, which theory if applicable, do you think mostly fit into the case?

2. As for Macao SAR's external affair, which areas Macao SAR needs authorization from the central government, and which do not? Please give examples.

2a. What about Hong Kong SAR's external affairs, any major differences? Please give examples.

3. As for Macao SAR's external affair, what has Macao SAR accomplished? What has changed compared with Portuguese Macao before 1999 in terms of external affairs?

4. As for Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.

5. Regarding the sovereignty issue of Macau during the Portuguese occupation period, some argue that the sovereignty of Macau was never transferred as China never ratified it to Portugal, while others argue that Portugal's *de facto* occupation of Macau means a transfer to sovereignty to Portugal from China. What do you think?

6. In terms of Macau's cultural connections with the Portuguese speaking countries, some would argue that the cultural, linguistic, social ties only appear in political rhetoric, while others would argue that the cultural factor does build a closer relation between Macau and the PSCs, and Macao plays a positive role among it. What do you think?

7. On China's cultural diplomacy, what strengths, weaknesses and potentials do you think Macao have?

8. The first Confucius Institute in Macau was established in 2017, on China and PSCs relations, what signals do you think it is giving out and what potentials do you think it has from Macao?

9. Any other points you would like to share? Please speak freely.

Interview Questions on Macao SAR's External Affairs for Prof. Carmen Mendes

1. As for Macao SAR's external affairs, in terms of Macao SAR and central government relations, some would argue that Macao SAR merely follows the political mandates from the central government and enjoys very low actual autonomy, while others would disagree, what do you think? How much autonomy does Macao SAR enjoy, and what are the limitations? Please give examples.

1a. In international relations, there are three dominant theories to describe the politics of sub-national government; state-centric theory, para-diplomacy theory and multi-layered theory. As for Macao SAR government's external affairs, which theory if applicable, do you think mostly fit into the case?

2. As for Macao SAR's external affair, which areas Macao SAR needs authorization from the central government, and which do not? Please give examples.

2a. What about Hong Kong SAR's external affairs, any major differences? Please give examples.

3. With regards to Macao SAR's external affair, what has Macao SAR accomplished?

What has changed compared with Portuguese Macao before 1999 in terms of external affairs?

4. As for Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.

5. Regarding the sovereignty issue of Macau during the Portuguese occupation period, some argue that the sovereignty of Macau was never transferred as China never ratified it to Portugal, while others argue that Portugal's *de facto* occupation of Macau means a transfer to sovereignty to Portugal from China. What do you think?

6. In terms of Macau's cultural connections with the Portuguese speaking countries, some would argue that the cultural, linguistic, social ties only appear in political rhetoric, while others would argue that the cultural factor does build a closer relation between Macau and the PSCs, and that Macao plays a positive role among it. What do you think?

6a, In your opinions, what are the PSCs' perception on Forum Macau?

7. On China's cultural diplomacy, what strengths, weaknesses and potentials do you think Macao have?

8. The first Confucius Institute in Macau was established in 2017, on China and PSCs relations, what signals do you think it is giving out and what potentials do you think it has from Macao?

9. Any other points you would like to share? Please speak freely.

Interview Questions on Macao SAR's External Affairs for Prof. Lok Wai Kin

1. As for Macao SAR's external affairs, based on the *Macao Basic Law*, in terms of Macao SAR and central government relations, how much autonomy does Macao SAR enjoy, and what are the limitations. Please give examples.

2. Looking at Macao SAR's external affair, which areas of Macao SAR need authorization from the central government, and which do not? Please give examples.

3. As for Macao SAR's external affair, what has Macao SAR accomplished? What has changed compared with Portuguese Macao before 1999?

4. In regard to Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.

5. What role(s) do you think Macao could play in the Sino-US relations?

6. What role(s) do you think Macao could play in the Cross-Strait relations?

7. In terms of the Macao SAR's legal external affairs, is there any typical case that you can think of? Such as the case of Congo in the Hong Kong SAR?

Interview Questions on Macao SAR's External Affairs for Dr. José Luís de Sales

Marques

1. As for the Macao SAR's external affairs, based on the *Macao Basic Law*, in terms of the Macao SAR and central government relations, how much autonomy does Macao SAR enjoy, and what are the limitations. Please give examples.

2. In terms of Macao SAR's external affair, what has Macao SAR accomplished? what has changed compared with Portuguese Macao before 1999?

3. How would you describe Macao's external relations before 1999?

4. As for the Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.

5. What has Macao accomplished in terms of its cultural external affairs? What are Macao's strengths in this matter?

6. In terms of Macao's economic external affairs, what are your views on Macao's contribution to the Forum Macao?

7. Many Chinese literature has suggested the role of the Macanese community could contribute to Macao's tie with the Lusophony world, as well as the overseas returning Chinese community and their connection to South East Asia countries. Would you share your thoughts on this please?

8. Based on Macao's historical legacies, what are your views on the connection between Macao and the Portuguese speaking countries?

Interview Questions on Macao SAR's External Affairs for Mr. Harald Brüning

1. As for the Macao SAR's external affairs, based on the *Macao Basic Law*, in terms of the Macao SAR and central government relations, how much autonomy does Macao SAR enjoy, and what are the limitations. Please give examples.

2. Looking at Macao SAR's external affair, what has Macao SAR accomplished? What has changed compared with Portuguese Macao before 1999?

3. How would you describe Macao's external relations before 1999?

4. With regard to the Macao SAR's external affair, what are the underdeveloped potentials for Macao? What are the limitations and challenges? Please give examples.

5. What has Macao accomplished in terms of its cultural external affairs? What are Macao's strengths in this matter?

6. With regard to Macao's economic external affairs, what are your views on Macao's contribution to the Forum Macao?

7. In terms of Macao's economic external affairs, what roles and functions do you think Macao has played in the BRI & GBA?

8. Based on Macao's historical legacies, what are your views on the actual connection between Macao and the Portuguese speaking countries? Any recommendations?

9. What role and function do you think Macao has played in the cross-strait relations?

10. What role and function do you think Macao has played in the Sino-US relations?

How about the Delta Asia Bank case?