

The Construction Path of “Macao Platform” In the Context of “One Belt One Road”

YuShi Jin^{1, a} JieLiu Yu^{2, b}

¹Institute for Social and Cultural Research, Macau University of Science and Technology, Macao, China;

²Institute for Research on Portuguese-speaking Countries, City University of Macau, Macao, China.

^ashijinyu01@163.com, ^bliuyujie01@163.com

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Abstract: In the 12th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China, Macao was strategically positioned as a service platform for “China and Portuguese-Speaking Countries Trade Cooperation” by Chinese government. It aims to make full use of the unique advantages of Macao in contacting China and the Portuguese-speaking countries, focusing on economic and trade cooperation and effectively promotes the exchanges and cooperation between China and Portuguese-speaking countries. Since 2003, the Ministerial Conference on Economic and Trade Cooperation between China and Portuguese-speaking Countries has been successfully held in Macao five sessions. With the continuous development of Macao and Portuguese-speaking Countries Economic and Trade Cooperation, as well as the implement of national strategy of One Belt One Road, and the in-depth cooperation of Guangdong-Hong Kong-Macao Dawan District, this paper mainly studies how Macao can take advantage of One Belt One Road initiative to make full use of its own advantages while making up for the shortcomings. It combines “Macao platform” with One Belt One Road and “Guangdong, Hong Kong and Macao Dawan District” to form a superposition effect and promote the moderate diversified development of Macao economy to ensure the continued stability and prosperity of Macao's society.

1. Introduction

The construction of One Belt One Road involves all-round cooperation in infrastructure, trade in goods, finance, culture and education, which also brings an important opportunity for Macao's economic development. It will effectively promote the moderate diversification of Macao's economy and "One center, one platform" construction. At the same time, the deep opening will also bring non-negligible challenges to Macao. Only by organically combining its own advantages with the construction of One Belt One Road and exploring the economic development path that conforms to the regional characteristics, can Macao seize the opportunity of One Belt One Road construction, so as to better integrate into the economic development of China and promote the moderate diversified development of Macao economy.

2. The Functional Construction of "One Platform"

As a service platform for Sino-Portuguese economic and trade cooperation, Macao should be a comprehensive exchange and service center. According to the business negotiation between China and Portuguese-speaking countries, the trade and investment opportunities of the two markets, professional services, financial services for financing and investment of the two enterprises,

customs clearance for the transportation of goods, the preparation of professionals, and the follow-up operation of enterprises need all-round supporting services.

3. Establish Database of the Countries along One Belt One Road

At present, there is a frontier strategic support platform established at the national level - the national database of One Belt One Road. The national database is mainly divided into policy information database, theoretical database, and general situation data of countries around the line, expert opinions and guidance. As a platform for China-Portugal economic and trade cooperation, Macao has close ties with Portuguese-speaking countries in terms of professional services, systems and talents. Macao should establish the database as the first step before investing in the countries and regions along One Belt One Road. In addition to the extensive collection of data from countries along One Belt One Road, the information of enterprises in Portuguese-speaking countries that have frequent exchanges with Macao and the information of overseas Chinese in Southeast Asia can be focused on, so as to deeply seek information and put forward policy suggestions for Macao. The information is open. It is recommended that the Platform Foundation be responsible for the development and management. Combined with the establishment of the corresponding think tank, we can consider providing paid tailor-made services for customers in need.

4. Perfect Macao's infrastructure

Macao's freight is mainly by land transport, followed by air and sea transport. Among all kinds of freight modes, sea transport is the cheapest. However, there is no deep-water port in Macao, and large cargo ships cannot go directly to Macao. Most of the goods need to be transferred to Macao through Hong Kong. As one of China's two free ports, Macao would lose the advantage of a free port without a deep-water port. In that case, Macao designed the Ká-Hó Harbour in the 80s. Due to the limited natural environment, the water depth of the Ká-Hó Harbour is only about 6 meters, only capable of berthing a cargo ship of 5000 tons. Besides, as the waters near Macao belong to the sediment deposition zone of the Pearl River estuary, the sediment deposition thickness is up to 38-50 centimeters per year, and the seaport dredging work is heavy and costly. Therefore, depending on the Hong Kong-Zhuhai-Macao Bridge, Macao could cooperate with Hong Kong's "Lantau Tomorrow Vision" to further relax the access of single-brand vehicles in Hong Kong and Macao to improve the awkward position of Macao's land and sea status.

5. Set Up a Venture Capital Center

In 2016, the fiscal reserves of Macao Special administrative region were totally 438.7 billion mop, of which the basic reserves were 132.8 billion mop and the excess reserves were 305.9 billion mop. The government's current payment for that year was \$69.9 billion, which meant that Macao's basic reserves could last 1.9 years and its excess reserves could last 4.6 years, far more than the international average of six months. Macao can rely on its fiscal surplus, free market economy and relatively perfect legal system to set up a venture capital center in Guangdong-Hong Kong-Macao Dawan District. In contrast to the experience of San Francisco Bay Area, it has been investing heavily in the financial sector, absorbing nearly half of the nation's investment. A large number of venture capital firms are located in and around San Francisco. If a company needs money, it can come to Silicon Valley and the Bay Area to seek it. Many big companies are also looking for start-ups to fund them. For the formation and development of venture capital in Silicon Valley, local government plays an indirect role in fostering and guiding. First, the government has largely left the venture capital business to its own devices. Second, there are laws specifically designed for venture capital. Finally, the government's indirect policies (small business investment law, small business research program) have provided great support for the development of venture capital. More than 80 percent of Silicon Valley's venture capital comes from the following sources: Personal capital, much of which goes to

early-stage ventures; Personal capital, a considerable portion of which is invested in early-stage venture enterprises; private securities funds, which usually invest part of their capital in near-mature venture enterprises in order to obtain high returns. Institutional investor funds, which include retirement pension funds, university reserve funds, various non-profit funds and mutual funds.

In recent years, Macao government's fiscal revenue has been stable, and it can properly consider the diversified development of investment plans, integrate the current industrial fund and youth start-up fund, set up a government-supported venture capital company, accelerate the construction of China-Portugal offshore start-up base, and further improve the investment supporting facilities and services. In the early days of most new companies, money was a problem that kept them from growing. In this case, venture capital firms can attract more companies of Guangdong-Hong Kong-Macao Dawan District and companies of Portuguese-speaking countries. It is easier for them to find funds here, or even make use of the higher education institutions in Macao to provide some corresponding consulting and services for financing enterprises.

6. Build an offshore Financial Center for Portuguese-speaking Countries

As one of the only two Special Administrative Regions in China, Macao implements "one country, two systems". According to the provisions of the Macao Basic Law, Macao enjoys independent legislative, judicial and administrative powers and has a high degree of autonomy. It means that Macao can continue to implement the free port system, have independent taxation power, and do not have to pay taxes to the state. A flexible system can effectively avoid the various institutional obstacles that appear in the construction of One Belt One Road, which cannot be achieved by the provinces and cities in the Mainland. In addition, Macao is a highly liberal market economy with a developed financial industry. By leveraging the Sino-Portuguese trade platform, it can position itself as a financial center for Portuguese-speaking countries, take advantage of Portuguese-speaking countries, and sign bilateral preferential agreements to expand the shore business and international business to the world. In terms of financial system, Macao is a region with free capital flow and no foreign exchange control. The financial industry is an important industry in Macao, where has become the fifth largest offshore RMB deposit area. In terms of policy, it is the special national preferential policy for Macao to establish RMB clearing center of Portuguese-speaking countries and the headquarters of the China-Portugal cooperation and development fund. In terms of financial experience, Macao drives the local economy with its gambling and tourism industries, and the casino economy brings huge customer mobility and massive capital distribution. With the low tax rates, proper management and supervision, Macao can develop rapidly in the financial market segment. Japan and Singapore have gradually liberalized their gambling industry, which just saw that the gambling economy promotes trust, financing and investment.

7. Cultural Exchange and Industrial Center

In history, Macao has been the center of cultural exchange between China and the west. It has countless ties with the countries along One Belt One Road, which is undoubtedly its natural advantage on the cultural exchange of One Belt One Road. On the one hand, Macao is so closely connected with Portuguese-speaking countries that Portuguese is still widely used in Macao today. At the same time, a considerable number of Macao permanent residents are immigrants from Portuguese-speaking countries. On the other hand, many expatriates from countries along the "maritime silk road" live in Macao. They have close ties with their own countries, and many associations and organizations in Macao. This makes it possible for Macao to become the cultural exchange center of One Belt One Road. In addition, we should make full use of Macao as a center of cultural exchange and make Macao become a center of cultural industry.

8. Strengthen Exchanges among Returned Overseas Chinese from Southeast Asian Countries

Many Southeast Asian countries along One Belt One Road have close ties with Macao. Some overseas Chinese from Southeast Asian countries live in Macao and have set up numerous returned overseas Chinese communities. Through interpersonal connections, Macao can establish and develop information and business networks with Southeast Asian countries and regions. Currently, the overseas Chinese in Myanmar, Indonesia and Thailand who live in Macao often maintain certain commercial exchanges, which is an important foundation for strengthening the network of returned overseas Chinese.

9. Promote the Extension of "One Platform"

The overall development and strategy of Macao is to serve as a regional business service platform. It plays the role of a bridge and tie between China and Portuguese countries in the context of the Pan Pearl Cooperation Agreement, the Guangdong/Macao Cooperation Framework Agreement, Closer Economic Partnership Arrangement and the Hengqin Free Trade Zone in Guangdong. It is true that "Macao platform" is just one of Chinese-Portuguese Economic and Trade Cooperation Platforms. Enterprises of Portuguese-speaking countries can cooperate with Chinese mainland enterprises without the help of Macao, but Macao has the advantage of the system and law, and has gradually accumulated some experiences and business foundation, which plays an important role in promoting enterprises (especially small medium enterprises) on the trade and investment cooperation. When mainland enterprises take advantage of "One Belt One Road" to actively "go out" and companies from Portuguese-speaking countries enter into the mainland, Macao's platform service can reduce the risk of operation between Chinese and Portuguese enterprises.

10. Hengqin Free Trade Zone is a New Fulcrum of Sino Portuguese Economic and Trade Cooperation

With the opening of the Hong Kong-Zhuhai-Macao cross-sea bridge, the release of restrictive measures in the negative list area of Hengqin free trade zone, the signing of the supplementary agreement of Closer Economic Partnership Agreement in 2017, the improvement of the origin criteria of zero-tariff product and the further simplification of the origin procedures, the advantages of cooperation between Guangdong and Macao are further highlighted. As the new fulcrum of Sino-Portuguese economic and trade cooperation, Macao can deepen economic and trade cooperation with the mainland from the following two aspects: first, to assist the Macao industrial structure adjustment and upgrading, promote the overall economic stability and sustainable development, cooperate with the "Cross-Border Industrial Zone" issued by Macao SAR government, emphasis on maintaining and promoting Macao manufacturing, in order to prevent the negative effect of industrial hollowing on Macao's employment. For example, Macao mainly focuses on gambling services, while there is still a gap in the manufacture of gambling equipment in the upstream industry. The upstream industry of gambling, such as equipment design and manufacturing, is now mainly in Europe, America, Japan and Australia. Considering the land price and manpower in Macao, we can rely on Guangdong-Hong Kong-Macao Dawan District to promote the comprehensive development of the whole gambling production chain, and promote the manufacturing of gambling equipment in the Pearl River delta region through "Cross-Border Industrial Zones". Second, Macao can use the opportunity of developing high-end financial services in Hengqin free trade zone to make up for its weakness in financial infrastructure, small financial strength and limited overseas business scale. The core financial business of Hengqin free trade zone is the offshore financial business, which provides opportunities for mainland funds to go abroad, investment channels for overseas funds to enter the mainland financial market, and high value-added services such as foreign exchange trading, export credit, financial leasing, capital

management, bank loans and international settlement for enterprises in the region. All these are conducive to the diversification of offshore finance and economy in Macao.

11. Build innovative communities

Under the framework of Closer Economic Partnership Agreement and its ten supplementary agreements, Guangdong, Hong Kong and Macao are entering a stage of comprehensive and in-depth cooperation in the areas of economy, trade, technology and finance. In addition, the government has also designed pilot policies for Guangdong, Hong Kong and Macao to create a global innovation center of science and technology industries, establish the cooperation and development fund of Guangdong-Hong Kong-Macao Dawan District, and make the joint efforts to jointly promote the construction of Guangdong-Hong Kong-Macao Dawan District. Macao keeps close ties with European Union, Southeast Asia and Portuguese-speaking countries. Macao can take advantage of the opportunity of industrial transfer to “go out” and “bring in” in a variety of ways, and provide capital and intellectual support to enterprises in the mainland. While playing a supporting role in the national strategy, Macao can realize moderate diversified development of its own economic industries.

12. Strengthen Cooperation in Pan-Pearl River Delta

The perfection and integration of regional market is beneficial for each member to give play to their advantages. Under the framework of Closer Economic Partnership Agreement, the cooperation on pan-pearl river delta region can further enrich Macao's role as a platform. First of all, under the frame of “One country, two systems” and China-Portugal economic and trade cooperation service platform, Macao should absorb advanced overseas experiences to cooperate on finance, technology, medicine and education. With enterprises in Hengqin, Nansha and other Free Trade Areas, forming a replicable model to be gradually extended to the Pan-Pearl river delta. Secondly, Macao and other cities in pan-pearl river delta can form partnerships to strengthen the coordination ability. By jointly setting up industrial parks of regional cooperation and the innovation test zones, we strive to achieve breakthroughs in regional cooperation. Finally, through the three-dimensional transportation network such as highway, waterway, sea transportation, air transportation and high-speed rail, the pan-pearl river delta and Xijiang economic belt are connected with the construction of One Belt One Road and Guangdong-Hong Kong-Macao Dawan District, so as to expand the hinterland of Macao and expand the “Macao platform”.

13. Conclusions

As a whole, Macao's advantage lies in its independent legal and monetary and financial system, which is recognized by most countries and regions in the world. Money and goods are free to move in and out, and low tax rates attract foreign investment. Influenced by historical development, Macao has abundant cultural heritage resources, and its unique Portuguese culture will make the exchanges between Macao and Portuguese-speaking countries more smoothly. In addition, the superposition of policy dividends such as Hengqin Free Trade Zone, Guangdong-Hong Kong-Macao Dawan District and Pan-Pearl River Cooperation has made Macao the best development stage after the reunification. The booming gambling industry has accumulated a lot of wealth for Macao and increased its economic strength in participating in One Belt One Road. To be sure, the challenges are mainly due to the external environment constraints on the export-oriented economy caused by the population market. Human capital level is a barrier to the development of high value-added industries in Macao. Macao's industry is heavily depending on gambling and tourism, which increases the instability of economic fluctuations.

Consequently, there are both opportunities and challenges for Macao at present, and One Belt One Road is a good opportunity for Macao's economy to develop towards high quality. Macao

should seize the opportunities of developing the 21st century maritime Silk Road in One Belt One Road, especially, strengthen economic and trade activities with South and Southeast Asian countries and promote moderate diversification of Macao's economy.

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