Meeting ground

The Macau-based forum for trade cooperation between China and Portuguese-speaking countries celebrates 10 years

BY LUCIANA LEITÃO

The Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries is celebrating its 10th anniversary.

Hundreds of senior officials and business leaders from the mainland, Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and East Timor are expected to gather here later this year, at the forum’s fourth ministerial conference, to discuss how to further enhance business exchanges. Chinese premier Wen Jiabao attended the previous meeting, held in 2010.

When the forum was established in 2003, the trade volume between China and resource-rich Portuguese-speaking countries was just over US$10 billion (MOP80 billion). Yet by last year, the trade volume had reached US$128.5 billion, representing an increase of 96 percent over the 2011 figure.

The body is based in Macau, where its permanent secretariat is headquartered. The forum aims to make use of the city’s long-term relationships with Portugal and other Portuguese-speaking countries, as a service platform to promote economic and trade cooperation with the mainland.

São Tomé and Principe, which has diplomatic ties with Taiwan, is the only Portuguese-speaking country that is not officially part of the forum.

Aside from boosting Macau’s profile in the international arena, experts say the benefits of the forum to the city have been little.

The city’s trade is only significant with Brazil and Portugal. Last year, the trade volume between Macau and Brazil reached around MOP278 million, while with Portugal it was just below MOP240 million.

Portuguese-speaking countries accounted for less than one percent of Macau’s overall imports last year.

Not a priority

The Macau government pays the operational costs for the supporting office to the forum’s permanent secretariat. Last year, the office’s budget stood at MOP96.8 million, almost double from the previous year.

Carmen Amado Mendes, an expert in international relations at the University of Coimbra, in Portugal, says the forum for economic and trade cooperation has institutionalised a role that Macau has been playing informally for 500 years. She highlights that the forum was established with the support of Beijing.
Ms Mendes says however that Macau doesn’t play a vital role in the bilateral relationship between China and Portuguese-speaking countries. “Beijing has direct contact with their governments.”

She says the forum is not a priority for any of the parties involved, adding that there is too much bureaucracy and a lack of coordination.

It is also hard to assess its results. “We have no data that allows us to say that if the forum didn’t exist, the relationship between China and Portuguese-speaking countries would be different,” says Ms Mendes.

Nonetheless, the forum has promoted several business gatherings and training courses for civil servants from the participating states. It also contributed to a better understanding of China.

“Ultimately, this trust reduces the risks of doing business,” she says.

The forum has brought benefits to developing Portuguese-speaking countries in Africa and Asia.

At the 2010 ministerial conference, Beijing announced it would make RMB1.6 billion (MOP2.1 billion) in concessional loans to these countries. Also announced were full funding and support for an agricultural cooperation project in each of these countries, while providing each with medical equipment worth RMB10 million. A total of 1,000 one-year government scholarships to study in China were also offered.

**Cost-benefit ratio**

Macau-based historian Jorge Morbey, who published a book on the forum in 2006, says that up to now, the body has just played a formal role.

“Trade between China and Portuguese-speaking countries is increasing but that is due to global trends; it is not due to the action of the forum.”

Mr Morbey says there is lack of data on the role played by Macau in trade between China and Portuguese-speaking countries. “There should be a consolidated mechanism to assess what the specific weight of Macau is, even to know what the cost-benefit ratio is.”

Mr Morbey says he was pleased when the forum was first established. But 10 years later, there has been little progress, he stresses. The forum is mostly
reduced to holding training courses and seminars in Macau and in the mainland. He says the forum should be revamped, not acting so much as a government bureau. It should work to promote business.

Macau Small and Medium-size Enterprises Association administrator Kenneth Lei Chi Leong says few business people here are directly engaged with the forum.

“Most local business owners don’t speak Portuguese, and they are not familiar with the trading rules or investment regulations in those countries,” he says. “Most of the small and medium enterprise owners just don’t have enough information.”

Mr. Lei says the forum should change this, providing better information on each Portuguese-speaking country.

The head of the Macau-based International Lusophone Markets Business Association, Eduardo Ambrósio, says the forum must become more focused on business and not so much on politics. He highlights the need for trade credit insurance tools, to boost trust among business people from different countries.

Some banks here, like the Macau branch of Bank of China, already offer export credit insurance products for trade between the mainland, Macau and Portuguese-speaking countries. SME Association Mr Lei says banks and the forum need to better promote that information.

Focus on business

All Portuguese-speaking countries have established lobby groups in Macau, gathering together nationals living here. Only Portugal and Angola have set up consulates-general in Macau.

The president of the Angola-Macau Association, Alexandre Correia da Silva, says some of the political goals established by the forum 10 years ago have been accomplished. He says it is now time to focus on promoting business.

He gives one example. At the 2010 ministerial conference, a new US$1 billion financial cooperation fund was announced, but the details are still sparse.

“There is much more to be done to showcase Macau to Portuguese-speaking countries. At this point, Macau has more information about the Portuguese speaking-countries in Africa than the other way around,” Mr Silva says.

“Some Angolan business people are starting to discover Macau, but that has more to do with their own individual homework.”

Mr Silva points out that just one hour away, in Guangzhou, there is a huge community of African business people. Many still have no idea about the forum, he says.

Carlos Barreto, vice-president of the Friends of Mozambique Association, and Daniel Pinto, head of the Macau - Cape Verde Friendship Association, share similar opinions. They both say the work done by the forum in organising conferences, seminars and meetings has been positive, and highlight its support of their associations.

However, Mr Barreto and Mr Pinto say the mainland doesn’t need the forum to engage in trade directly with Portuguese-speaking countries.

Even so, Mr Barreto says the forum makes sense. He stresses the role it has played in showcasing culture from Portuguese-speaking countries in Macau.

Macau Business requested comments from the forum’s secretary-general, Chang Henxi, but received no reply. The office of the Secretary for Economic and Finance also did not reply to our questions.