



A lion dance is held in front of the iconic Ruins of the St. Paul's in Macao, a 17th-century Catholic complex, in celebration of World Tourism Day on September 27

Rightful Return

Macao transforms itself since rejoining the motherland 20 years ago

By Ji Jing

When Kou Kam Fai was a university student in Macao, he had to work part-time to pay for his tuition as his family couldn't afford his education. That was before 1999 when the island in south China was a Portuguese colony, wrested away in the 16th century. But since the return of Macao to the motherland in 1999 and extensive reforms, a different story has been unfolding.

Today, Macao Special Administrative Region (SAR), a 32.9-square-km island in the Pearl River Delta facing Hong Kong across the sea, has the government shouldering 90 percent of the tuition fees of Macao university students. Students need to pay only 25,000 patacas (\$3,100) a year.

Kou's status has also changed. Before the return, he was a teacher and the average salary of teachers was about \$800-900 a month. Today, it is nearly \$5,000. Besides being the principal of a middle school, Kou is also chairman of the Board of Supervisors of the Chinese Educators Association of Macao, which has given him a deep insight into the changes blowing through the education sector.

"When Macao was under Portuguese rule, the Portuguese Government didn't care about education," he said. But in 2019, the government's education budget is 8.6 billion patacas (\$1.07 billion), over eight times the allocation in 1999.

Winds of change

Education is a small part of the extensive changes over the past 20 years that have transformed the economy and improved livelihoods.

Ho Hau Wah, who was the first chief executive of Macao SAR from 1999 to 2009, recalled the sluggish economic growth prior to the return, aggravated by the 1997 Asian financial crisis, and weak public security.

"My generation has witnessed what Macao was like before

the return and what it is like after the return and there's a sharp contrast," he said. "In 2000, the fiscal budget was only 13 billion patacas (\$1.61 billion) and this year it's 103.3 billion patacas (\$12.8 billion). Over 30 percent of this year's fiscal budget is earmarked for social welfare."

From 1999 to 2018, Macao's GDP increased from over \$6 billion to \$55 billion. As of the end of 2018, foreign exchange reserves had reached \$20 billion, jumping six fold over the 1999 reserves.

With the rapid economic growth, social welfare has improved. Before the return, students enjoyed free education for 10 years. In 2007, it was increased to 15 years. Over 90 percent of high school graduates go to university.

Residents get cash bonuses, their share of the city's development dividend. A Macao resident above 65 years gets more than \$756 a month. The improved healthcare system enables pregnant women, children, and seniors above 65 to enjoy free medical services. People diagnosed with major illnesses such as cancer are fully covered by medical insurance.

The unemployment rate has decreased from 6.3 percent in 1999 to 1.8 percent in 2018, while the average income has jumped from nearly \$600 per month in 1999 to nearly \$2,000 in 2018.

One country, two systems

"This wouldn't have happened without the 'one country, two systems' mechanism, cooperation with the Chinese mainland and regional cooperation," Ho said.

"One country, two systems" was put forward by the Chinese leadership in the 1980s to address the relationship with Hong Kong and Macao. The principle is that while there is only one China, the SARs will retain their own economic and administrative systems.

They will also continue to have their own governmental system, running their legal, economic and financial affairs independently.

In 1987, the Chinese Government signed a joint declaration on Macao with the Portuguese Government based on the principle. The declaration said Macao is Chinese territory and China would resume sovereignty over it on December 20, 1999. The Chinese Government agreed to implement the "one country, two systems" mechanism, allowing Macao people to govern the island with a high degree of autonomy.

In 1993, the National People's Congress, China's top legislature, promulgated the Basic Law of Macao SAR for its governance.

Ho said Macao residents follow the Chinese Constitution and the Basic Law. These are taught in schools to explain Macao's special relationship with the Chinese mainland. Another factor for the success of "one country, two systems," according to him, is Macao's alignment with national strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, which have presented it with opportunities to be part of China's national development. With its small population of 676,100 and limited area, Macao's economy cannot be diversified without the huge mainland market.



Entrepreneur Lei Zhen (center) in the lab of his tech company in Zhuhai, south China. Lei, a resident of Macao since 2014, set up the company in Zhuhai in 2015, drawn by the policies offered by the Greater Bay Area authorities

The Guangdong-Hong Kong-Macao Greater Bay Area development plan, unveiled in February, provides new opportunities for Macao's development. The Greater Bay Area comprises Hong Kong, Macao and nine cities in Guangdong Province in south China.

To develop the connectivity of the area, the Hong Kong-Zhuhai-Macao Bridge was opened last year. The longest sea bridge in the world, it has slashed travel time between Hong Kong, Macao and Zhuhai in Guangdong to within 1 hour, greatly facilitating transportation.

Macao, positioned as one of the four central cities in the Greater Bay Area along with Hong Kong, Guangzhou and Shenzhen, is embracing the opportunities brought about by the development plan.

Chui Sai On, Chief Executive of Macao SAR, said

cooperation agreements with the industrially developed Guangdong are boosting Macao's economy. One fruit of the cooperation is the Guangdong-Macao Industrial Cooperation Park in Zhuhai, a special economic zone.

"The proportion of Macao's young people who work elsewhere is relatively small. So we encourage them to go to the Greater Bay Area. We also welcome friends from the Greater Bay Area to come to Macao to study and work," Chui said. Hong Kong, Macao and Guangdong have different legal systems, which need to be synchronized for the development of the Greater Bay Area, he said.

"The Greater Bay Area is also an opportunity for Macao to go beyond its limitations. Macao has a small area, a small population and few resources, which greatly restricted the development of a diversified economy. However, under the Greater Bay Area, the Central Government can provide favorable policies for Macao, which can help address limitations and enable Macao to participate in the country's overall development," Ho said.

Economic diversification

For a long time, Macao's economy was dominated by its gambling industry. Then in 2003, the government began to promote diversification of the economy by developing its tourism, cultural, finance and conference and exhibition industries.

It signed an agreement with the Central Government the same year, which opened individual trips by mainland tourists. In 2005, the Historic Center of Macao, a cluster of 20 sites with a unique fusion of Chinese and Portuguese cultures, made it to the UNESCO World Heritage List, becoming a matter of national pride and tourists' interest. Three years later, Macao was positioned as a world tourism and leisure center. In 2017, it was designated a UNESCO Creative City of Gastronomy.

Before the return, Hong Kong tourists accounted for over half the tourists to Macao but after the return, visitors from the mainland have become

the majority, accounting for around 70 percent of all tourists in recent years.

Tourism and related industries have brought economic benefits and created jobs. Of the 380,000 people with employment in Macao in 2017, over half were employed in tourism-related industries.

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