

**Promoting Closer Cooperation between Guangdong and Macao
and
Expediting Regional Integration**

Interpretation Materials for Framework Agreement on Cooperation Between
Guangdong and Macao

6 March 2011

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6 March 2011 is a memorable day for Guangdong-Macao cooperation! The two Parties signed the Framework Agreement on Cooperation Between Guangdong and Macao in the Great Hall of the People on this day, in the warm presence of party and state leaders Xi Jinping, Liu Yandong and Liao Hui and witnessed by representatives from related departments of the nation, representatives from the governments of Guangdong and Macao, as well as local and overseas media. This represents a milestone in Guangdong-Macao cooperation, opening a new chapter of regional cooperation under the principle of “One country, two systems”.

In March 2010, senior Guangdong and Macao officials met in Beijing and reached a consensus on the Framework Agreement on Cooperation Between Guangdong and Macao. During the year, under the guidance and support of the Central Government, Guangdong and Macao have closely cooperated to draft the Framework Agreement on Cooperation Between Guangdong and Macao. In December 2010, the Agreement was approved by the State Council, coinciding with the celebration of the 11th anniversary of Macao’s return to the motherland.

The Framework Agreement on Cooperation Between Guangdong and Macao comprises 38 articles in eight chapters, with some 10,000 words. It defines the macro strategies including positioning of development, basic principles and key objectives, proposing cooperation priorities and major areas for cooperation – including joint development of Hengqin, synergistic development of industries, infrastructure and convenient border crossing, social and public services, and regional cooperation plans – and stipulates safeguard mechanisms such as the perfection of the system for cooperation. Meanwhile, the Parties have formulated the Major Tasks in 2011 for the Framework Agreement on Cooperation Between Guangdong and Macao, outlining specific policies, initiatives and projects.

In the Framework Agreement on Cooperation Between Guangdong and Macao,

phrases such as “Expedite regional economic integration”, “Regional integrated development”, “Facilitate integrated development of the economy, society, culture and lifestyle”, and “Creating a world-class new economic area” excite us by showing that Guangdong and Macao have expanded their economic and trade cooperation to comprehensive integration of the economy, society and lifestyles. The blueprint of the strategy for regional integrated development is coming into view.

In a broad sense, the Framework Agreement on Cooperation Between Guangdong and Macao takes account of the present situation of Guangdong-Macao cooperation, to cover different areas for cooperation including economy, society and culture, reflecting the Parties’ consensus on cooperation, and addresses major social demands. More importantly and prominently, the Framework Agreement demonstrates pragmatic and realistic thinking by listing an array of specific, pragmatic and feasible cooperation initiatives, as significant pillars for promoting closer cooperation between Guangdong and Macao in a pragmatic manner.

Guiding Principle: Linking up the Three Major Themes

The Framework Agreement on Cooperation Between Guangdong and Macao is formulated on the basis of a comprehensive review of the history of cooperation between Guangdong and Macao, a summary of the experiences in cooperation between Guangdong and Macao, and an active exploration of new approaches to cooperation between the two regions. It is in line with the national development strategy and the expectations of people in the two regions, and enhances interactions between the two governments. It is not only a milestone in the history of their cooperation, but also marks the beginning of Guangdong-Macao cooperation for a prosperous future.

The Framework Agreement is based on three major themes, which are also the present and future subjects and direction for development underpinning Guangdong-Macao cooperation:

(1) Expedite integrated development and establish the layout of regional integration

The cooperation between Guangdong and Macao follows the general pattern of regional cooperation in the world, yet also retains its own distinguishing features during the course of cooperation and implementation, making it a vivid realisation of

the model for cooperation under “One country, two systems”. Execution and innovation are the vital elements of “One country, two systems”. Under this guiding principle, the Parties uphold the pragmatic attitude and creative approaches to exploring new opportunities and initiating pilot projects. From the set-up of the Guangdong-Macao Cooperation Joint Conference mechanism, the establishment of CEPA to the implementation of pilot policies initiating the opening of service industries in Guangdong to Hong Kong and Macao businesses, the two regions have built a significant foundation for long-term cooperation.

Today, the economies and societies in Guangdong and Macao are undergoing tremendous changes. Market orientation and the market economy system have become a significant basis for the integrated development of the economies of the two regions, in which the pursuit of maximum regional benefits is supported by all walks of life. In the face of fast regional economic integration and in response to the common expectations of the two regions, the Framework Agreement uses the system of market economy as a basis for intensifying cooperation, with a view to exploiting the respective advantages and potentials of Guangdong and Macao, and to formulating the strategy of “Promoting regional economic integration”. The Agreement proposed achieving the target of “establishing the fundamental layout of regional integration” by 2020. By fostering the rapid flow of different factors of production within the region, promoting the opening and sharing of public services in society, facilitating the integrated development of society, culture and lifestyle, and driving integration and optimisation of regional resources, the Parties are committed to establishing a new layout for integrated development of the two regions.

(2) Jointly develop Hengqin and create a new model of cooperation

After 30 years of rapid development under the reform and opening policy, Guangdong is currently undergoing a stage of transformation and reinvigoration. After the handover, Macao has accomplished great achievements in the economy, yet it also has certain constraints such as a relatively simple economic structure. Therefore, adequate diversification of the economy has been on the Macao government’s agenda. With a new historical background, the Parties are looking for remarkable progress in ways to intensify cooperation and implement reintegration and optimisation, so as to put their common focus on Hengqin Island on the western bank of the Pearl River Estuary.

The Outline of the Plan for the Reform and Development of the Pearl River

Delta proposes to “plan for the establishment of cooperative regions such as Hengqin new district in the Pearl River Delta”. The Hengqin Island Overall Development Plan has expressly positioned Hengqin as a “demonstration for a new approach to cooperation between Guangdong, Hong Kong and Macao”, which means the development of Hengqin has been raised to the level of national development strategy. Guangdong and Macao senior officials have held several meetings and negotiations, and reached a consensus on the mode for cooperation in developing Hengqin: A Guangdong-Macao industrial area shall be established in Hengqin, to expand the adequate diversification of Macao’s economy on the one hand, and to establish a platform for the transformation and development of the western bank of the Pearl River Estuary on the other. The proposal for cooperation in the development of Hengqin by Guangdong and Macao is a realisation of the new approach to cooperation explored by the Parties, as well as a clear backbone of the Framework Agreement.

(3) Explore new paths to adequate diversification of Macao’s economy on a mutually beneficial basis

“Equal-footing negotiations and mutual benefits” is an important principle for regional cooperation and the basis for long-term positive cooperation. Under the principle of complementary joint development, the Parties shall build on the region’s long-term objectives and overall interests to proactively harmonise different demands and discuss cooperative projects for reaching consensus and expanding the scope of cooperation. The Parties shall strive for breakthroughs in key cooperation fields and areas, with a view to becoming the model of “Cooperation and win-win relationship” in the whole region.

The Framework Agreement has summarised three key strategies to facilitate adequate diversification of Macao’s economy: cooperation in developing Hengqin, synergistic development of industries and integrated development of regions – which are driven by the core idea of promoting closer cooperation between the two regions, and integrating Guangdong’s advantages and characteristics in the whole plan. An array of specific initiatives for supporting the adequate diversification of Macao’s economy has been proposed, to expand the space and create the conditions for this diversification. In the course of advancing adequate diversification of Macao’s economy, Macao’s advantageous resources will be effectively introduced to Guangdong, where they will promote the growth and development of industries. In particular, such developments will bring vigour and provide a tremendous driving

force for transforming the western bank area of the Pearl River Estuary.

Macro Plan: Defining the Four Objectives of Cooperation

Currently, due to the tremendous changes in the world's political and economic situation and the ongoing intensification of economic globalisation and regional economic integration, the economic and social developments of Guangdong and Macao have changed. Facing the new situation and new challenges, how can the people of the two regions seize the opportunities and tackle the challenges? Starting from a new chapter in history, Guangdong and Macao shall jointly formulate the future development blueprint with a global vision and strategic thinking.

Chapter 1 of the Framework Agreement clearly states the vision for development from the very beginning: to create a world-class new economic area. It also addresses the four objectives of Guangdong-Macao cooperation, to adapt to the changing world and development trends in Guangdong and Macao:

-- **Establishing a world famous travel and leisure destination.** In order to develop comprehensive tourism services, Macao shall play the leading role, Zhuhai shall be the nodal point, while Guangdong shall form the bedrock of the whole development. This is an important strategy and vivid interpretation of resources consolidation and their optimal allocation in both places.

-- **Creating a new platform for upgrading industries in Guangdong and Macao.** This is to employ Macao's international commerce and trade service platform, in line with the transformation of Guangdong's industries and the "Reaching out" strategy. This manifests the excellence of "One country, two systems" and builds on the present situation, strengths and cooperative development of the two places.

-- **Establishing a pilot area for a new approach to cooperation between Guangdong, Hong Kong and Macao.** The Parties shall cooperate in developing Hengqin, explore a new approach to cooperation, and promote synergy between Zhuhai and Macao. This is the key avenue for exploration and implementation, to enhance autonomous negotiations and innovative cooperation between the two regions.

-- **Expanding the scope of adequate diversification of Macao's economy.** The Parties shall bolster Macao's competitive industries, develop emerging industries,

develop sectors with great potential, and promote collaboration between small to medium-sized enterprises. These are effective initiatives for mutual support, mutual benefits and joint development between the Parties.

To realise the splendid vision and the four development objectives, the Framework Agreement proposed three cooperation principles and two interim targets:

-- **Three cooperation principles:** 1. Equal-footing negotiations, mutual benefits and complementary advantages; 2. Initiating pilot projects, making breakthroughs and conducting step-by-step promotions; 3. Planning coordination, sound connections and synergistic development. These represent a culmination of Guangdong-Macao cooperation experience, and are major principles for deepening Guangdong-Macao cooperation.

-- **Two interim targets:** By 2015 and 2020, the Parties shall closely follow the 12th and 13th National Five-year Plans respectively. In particular, the “fundamental layout for regional integration” shall be established by 2020, laying down the direction and path for Guangdong-Macao regional integrated development.

Planning and Organising: Identification of Five Key Areas

To optimise the cooperation between Guangdong and Macao, and with a focus on the unique characteristics and needs of such cooperation, the two parties have identified five key areas for cooperation: development of Hengqin, synergistic development of industries, connection of infrastructure, sharing of public social services, and coordination of planning for regional cooperation. By strengthening the overall coordination and planning, the Parties can propel the cooperation between Guangdong and Macao across multiple dimensions and in broader scope to a new height.

Key Area 1: Confirming cooperation in the development of Hengqin

As a new platform and a pilot area for the cooperation between Guangdong and Macao, Hengqin enjoys incomparable advantages in terms of natural environment and policies. The Parties shall make best use of its advantages, actively explore new approaches to cooperation, facilitate adequate diversification of Macao's economy, promote inter-connection of cross-border infrastructure, ensure convenient interflow of factors of production in the region, share and interlink the public social service

systems, establish a pilot area for the quality living area in the Greater Pearl River Delta region to promote the synergistic development of Zhuhai, Macao and the western bank of the Pearl River Estuary, and even foster the synergistic development of Macao, the Pearl River Delta and Guangdong Province. In the wake of ever closer ties between Guangdong and Macao, Hengqin will serve as a nodal point and a launch pad for cooperation between the two sides, and set the trend for the economic and social development of the Pearl River Delta. The importance of the development of Hengqin is reflected in it being covered by a separate chapter at the beginning of the major content covering the cooperation between Guangdong and Macao in the Framework Agreement.

To lay a solid foundation for the development of Hengqin, the Parties have also conducted thorough discussions on the arrangement of policies concerning “Joint participation”, “Hierarchical management”, “Key industrial zones” and “Auxiliary policies”.

Key Area 2: Advance the synergistic development of industries in Guangdong and Macao

The essential problem faced by Guangdong and Macao in their cooperation lies in discovering how to make best use of their comparative advantages in order to foster the upgrading and restructuring of industries in Guangdong, while giving impetus to the adequate diversification of Macao’s economy by promoting the diversified development of industries. The Framework Agreement outlines the major directions of the synergistic development of industries in Guangdong and Macao, and results from in-depth investigations, research, discussions, and integration of feedbacks from different sectors. It aims to support the development of those industries with a well-laid foundation and growth potential in Macao, by integrating Guangdong’s industrial characteristics and resources into the existing foundation and direction of development of the industries in Macao. The key sectors for synergistic development between Guangdong and Macao are tourism, convention and exhibition, Chinese medicine, cultural and creative industries, and finance. For example, regarding tourism cooperation, the Framework Agreement proposes that the Parties shall leverage on Guangdong’s tourism resources, to jointly develop diversified tourism that integrates culture, history and entertainment. As a result, by enriching and upgrading the tourism experience in Macao, a world-class travel and leisure destination can be established with Macao as its vanguard and Guangdong as its hinterland, and a clear path for tourism cooperation between Macao and Guangdong,

an alliance of the strong, can be mapped out.

Key Area 3: Strengthening infrastructure connections

Infrastructure with comprehensive functions and convenient inter-connections not only serves as a “hardware” basis for expediting integration of regional development, but is also a prerequisite for the integrated development of the economies and societies of Guangdong and Macao. The relatively backward transport infrastructure is an obstacle that hinders the development of the western bank of the Pearl River Estuary, and constrains further joint development by Guangdong and Macao. The Framework Agreement prioritises cross-border infrastructure, and coordinates the transportation, water, electricity and gas supplies, and information network of the two places in a comprehensive manner. Special attention is paid to strengthening intercity rail, highways, connections between airports, and arrangement of ports, to build a regional transportation network with seamless transport interchanges, in order to create a convenient and prosperous “One-hour living area” integrating land, sea and air transport, which in turn lays a foundation for the integration of working and living in Guangdong and Macao.

In addition to “hardware” infrastructure, the Framework Agreement has plans concerning the development of border checkpoints, and initiatives for convenient border crossing, to reform the existing border crossing system and achieve seamless transport interchanges by opening up all the key channels between Guangdong and Macao.

Key Area 4: Opening and sharing of social and public services

As the cooperation between Guangdong and Macao continues to deepen, exchanges between people of the two places in their work and daily lives are becoming more frequent, and demand for regional public social services is increasing. The ultimate purpose of strengthening regional cooperation and fostering economic development is to improve people’s livelihoods, and help them attain a better life. Therefore, the Framework Agreement attaches great importance to concerns about people's livelihoods, and emphasises the enhancement of the regional quality of life. This shows there are significant changes to the theme of regional cooperation between Guangdong and Macao.

With a vision of “Building a quality living area together”, Chapter Five of the

Framework Agreement covers regional cooperation in “Social and Public Services”. With the aim of promoting the opening and sharing of public social services of the two places, the chapter also proposes that the two regions deepen their cooperation in areas such as education and training, medical services, public health, culture and sports, environmental protection, and livelihoods and welfare. It also proposes promoting regional integration in a pragmatic manner, by creating a regional business and living environment that facilitates the social and economic development of Guangdong and Macao, and providing auxiliary public services for border-crossing commuters of the two places.

Key Area 5: Coordination and implementation of regional cooperation plans

Strengthening the coordination of the plans for overall regional development at a higher level is a prerequisite for more in-depth regional cooperation. Chapter Six of the Framework Agreement covers details of the “Regional Cooperation Plans”. Apart from expediting the implementation of plans for regional cooperation by Guangdong, Hong Kong and Macao – such as “Quality living area”, “Infrastructure” and “Tourism cooperation”, and the Study of the Action Plan for the Bay Area of the Pearl River Estuary, the Framework Agreement also proposes that the Parties formulate the following three cooperation plans: the Development Plan of the Western Bank of the Pearl River Estuary; the Macao-Zhuhai Synergetic Development Plan; and the Plan for Cooperation between Macao and Nansha, Guangzhou. It also calls for the strengthening of the coordination and implementation of the related plans.

These policies show that Guangdong and Macao recognise the development trend in and demand for regional economic integration, and instead of mere cooperation in projects, the two places now also pay attention to the overall coordination of regional development. Guangdong and Macao bring into full play the leading roles of the government, and spare no effort in planning, coordinating and formulating strategies for overall regional development. This is significant for bringing about synergy for the region, and enhancing the region’s global competitiveness.

Specific Initiatives: Ten Major Policy Highlights

The process during which Guangdong and Macao formulate the Framework Agreement is also a course for the two parties to explore a new approach to cooperation, specify the details of the cooperation projects, as well as rally support for

the policies concerned. With support from the Central Government, and after one year of discussion, the Framework Agreement has seen new directions and advances in key areas for cooperation, as well as breakthroughs in formulating new policies. New conditions for cooperation between industries of the two places, and a new platform for closer cooperation between Guangdong and Macao have also been created, to enhance adequate diversification of Macao's economy.

Highlight 1: Development of Hengqin helps with exploring a new approach to cooperation

The Framework Agreement proposes the "Joint Development of Hengqin", in which Zhuhai shall take the key role, while Macao shall participate by providing funding, expertise and support for industries, and both parties shall conduct research on the related supportive policies. Meanwhile, a mechanism shall be established for coordinating the joint development of Hengqin by Guangdong and Macao, to encourage direct communications on specific cooperation projects between Hengqin new district and the Macao SAR Government. According to the Framework Agreement, Guangdong and Macao will jointly construct an industrial zone with an area of approximately five square kilometres. The agreement also states that the construction of the Chinese Medicine Industrial Park, the development of Hengqin's resort centre, the establishment of Hengqin cultural and creative district, and the promotion of Hengqin's central business district will be the key areas of cooperation, as well as the platforms for cooperation between Guangdong and Macao.

After several rounds of discussions, the cooperation project on the Chinese Medicine Industrial Park is ready to begin in earnest, and a ground-breaking ceremony will be held in the near future. The approach to the development of Hengqin is an important innovation in the cooperation between Guangdong and Macao, as well as an indicator of the two Parties' increased autonomy in discussing matters related to cooperation.

During the discussions concerning the development of Hengqin, having reached consensus through ongoing communications, the Parties worked together to rally support from the Central Government. With support from Central Government leaders and the related national authorities, the examination and approval of the ancillary policies related to the development of Hengqin were fast-tracked, and their contents were enriched.

The process of formulating, examining and approving the Framework Agreement is indeed a positive process of interaction comprising the proposing of policies, vertical communications, and rallying support. This is also a unique characteristic, and an important experience in fostering closer cooperation between Guangdong and Macao.

The Framework Agreement specifies details of the hierarchical management of the border crossing proposed in the Hengqin Island Overall Development Plan. It is clearly stated that both Parties shall be committed to “offering maximum convenience for border-crossing individuals and their goods, as well as Macao citizens commuting to or living in Hengqin”, and “Striving for 24-hour border crossing at the Hengqin checkpoint”. There are detailed descriptions of the hierarchical management of border crossing, as well as policies that cater to Macao citizens commuting to or living in Hengqin. The agreement reserves room for implementing the policies, and lays a foundation for the development of Hengqin.

In the process of formulating the Framework Agreement, Guangdong and Macao have actively sought support from the Central Government for innovative policies. The Parties have also been communicating with and rallying support from other concerned national authorities, and have even invited officials of the departments concerned for field trips to Hengqin. The result of their efforts was encouraging.

In the process of examining and approving the Framework Agreement, Central Government leaders have attached great importance to and showed great support for the Agreement, and given significant directives on the innovative policies concerning Hengqin. At present, the concerned national authorities are studying the implementation of special auxiliary policies, such as “Hierarchical management”, special customs supervision, and preferential tax policies. With the implementation of the Framework Agreement and the related auxiliary policies, Hengqin shall become a “Special region in a special administrative region”, as well as an island of “openness” and “vitality” that is convenient for the interflow of factors of production, thus providing more space for the adequate diversification of Macao’s economy.

Highlight 2: Tourism cooperation strengthened through deep integration

Tourism is an advantageous industry of Macao, and an important impetus of Guangdong’s economy. The first objective of cooperation stated in the Framework Agreement is to “establish a world famous travel and leisure destination”. Meanwhile,

the details of tourism cooperation are also covered in the first article, in the chapter on synergistic development of industries, according to which “integration of tourism capital from both Parties shall be encouraged, with the aim of establishing regional tourism conglomerates”. The innovative idea of the “multi-destination tour” along the World Heritage route “Historic Centre of Macao – Kaiping Watchtowers – Shaoguan’s Mount Danxia” is introduced. Details of the tourism cooperation plan have also been worked out, with the study on “Promoting the issuance to and use of travel and leisure cards by Guangdong citizens in Macao”. A marketing network for tourism products shall be established, for expansion into overseas tourism markets.

It can be said that tourism cooperation between Guangdong and Macao has reached a new development stage, in which deep integration and scale-efficiency are achieved through concrete cooperation projects. Following the implementation of these plans and policies, it is believed that a world famous travel and leisure destination can be created with joint efforts from the Parties, and tourism cooperation between the two parties will usher in a brighter future.

Highlight 3: Strengthen competitiveness through cooperation and development of divergent convention and exhibition industries

The convention and exhibition industry is Guangdong’s advantageous industry, as well as Macao’s key growth industry. The key to capitalising on their synergy lies in developing divergent convention and exhibition industries. The Framework Agreement provides specific elaborations regarding the promotion of featured exhibitions in both regions, and the formation of exhibition hosts that complement each other by hosting exhibitions of different scale and type, and with different target visitors, while employing different modes such as concurrent exhibitions, joint exhibitions and touring exhibitions. It aims to expand into markets in the EU, ASEAN and Portuguese-speaking countries.

One thorny issue for regional cooperation has always been avoiding vicious competition, and establishing positive interaction between the regions. Guangdong and Macao have demonstrated the ideal of “win-win cooperation” with concrete actions. The Framework Agreement “supports Macao’s convention and exhibition industry with establishing offices in Guangdong.” There are also initiatives to “encourage the establishment of branch venues of Guangdong brand exhibitions in Macao”; “implement convenient customs clearance for exhibits being transported from Guangdong to Macao”; and “assist Macao’s exhibition service providers with

opening foreign exchange accounts in Guangdong.” Thus, if the Parties can make concerted efforts, embrace positive interactions and promote development of divergent convention and exhibition industries, the market share of the industries in both regions will continuously increase, and there will be more scope for developing the industries.

Highlight 4: Complementary advantages in Chinese medicine industry

Cooperation between Guangdong and Macao in the Chinese medicine industry is the most characteristic of all forms of industrial cooperation between the two sides. The Chinese medicine industry in Macao enjoys a solid foundation in research and development as well as links to overseas markets, while the industry in Guangdong has a distinct advantage in industrialisation, allowing both sides to complement one another’s strengths for mutual gain. The Framework Agreement proposed a systematic direction for cooperation, to highlight such characteristics in the Chinese medicine industry: firstly, consider policies to support the development of the Chinese medicine industry in order to form a system for cooperation in the industry; secondly, formulate industry standards that fit the industry’s characteristics and regulations; thirdly, strengthen the certification scheme and brand building, to hone the competitiveness of the Chinese medicine industry in the international arena; lastly, enhance cooperation between higher institutions, to nurture talents in the industry.

To specify the directions for cooperation and transform them into actual projects, the Framework Agreement has proposed that both Parties will cooperate and construct a Chinese Medicine Industrial Park on Hengqin Island, combining their respective advantages, and create an integrated base for the Chinese medicine industry worldwide. This will be a launch project for the Guangdong-Macao industrial zone; the early stage of work on the park has already commenced, and the Parties will begin the park’s construction in due course.

Highlight 5: Exploring new approaches to financial cooperation

The financial services industry is a leader among modern service industries. Enhanced innovation and cooperation in the financial services industry is paramount for upgrading the levels of economic development in Guangdong and Macao. The Framework Agreement takes account of the current situation of financial development in both regions, and emphasises innovations and a pilot approach in certain sectors of the financial services industry. It proposes policies such as “promoting the settlement

of payments in RMB for investment transactions between Guangdong and Macao”, “supporting financial institutions in Guangdong and Macao with establishing cross-border branches in one another’s jurisdictions”, and supports a feasibility study on policies that allow enterprises to secure loans from banks in both regions. By reviewing these policies, we can discover a conspicuous characteristic of Guangdong-Macao financial cooperation – “Opening up for one another, and setting up institutions in both regions.” This is also an effective means for both Parties to meet the development standards of modern service industries.

At the same time, with staunch support from the Central Government, there is a breakthrough with financial innovations in Hengqin, which include the new policies such as “trial projects for industry investment funds”, “exploring the possibility of developing two-way exchanges of Renminbi (RMB) to Macao patacas and Hong Kong dollars, providing each exchange is within a limited amount under the name of an individual” and “promoting the use of financial IC cards with multiple currencies in Hengqin”. These provide a sound framework for the development of Hengqin finance, as well as the overall performance of the Hengqin project, and create favourable conditions for Macao’s financial services industry to develop in Hengqin.

Highlight 6: Inter-connect cross-border infrastructure to facilitate convenience

Since Macao’s return to the motherland, the inter-connections of infrastructure and border-crossing facilities between Guangdong and Macao have undergone tremendous changes, while the Gongbei Border Checkpoint has also become one of China’s important immigration control points. However, from a broader perspective, the inter-connections of infrastructure and border-crossing facilities of the two regions cannot catch up with the demand arising from current cooperation. To address this issue, the Framework Agreement has paid much attention to the layout of transportation “hardware” and border-crossing “software”.

Regarding the “hardware”, the Parties shall expedite the construction of key transportation projects, including the Hong Kong-Zhuhai-Macau Bridge, Guangzhou-Zhuhai intercity railway, and Guangzhou-Zhuhai Western Expressway. The Parties shall speed up the revamp and expansion of the Gongbei Border Checkpoint, re-engineer the functions of the checkpoint at Zhuhai-Macao Cross-border Industrial Zone, and boost the infrastructure development at Hengqin Border Checkpoint. Through the acceleration of infrastructure construction, the

foundation for the integration of Guangdong and Macao is established.

Regarding the “software”, the Parties propose a range of specific policies, such as “extending the operating hours of border checkpoints, with the aim of achieving round-the-clock border crossing at Gongbei Border Checkpoint”, “centralised declaration and certification processes for Guangdong and Macao at the designated control point at Zhuhai-Macao Cross-border Industrial Zone”, “one-off management of border-crossing vehicles”, and “stipulating and enforcing regulations for managing Macao’s motor vehicles entering and exiting Hengqin”. These would offer maximum convenience for border-crossing commuters of Guangdong and Macao. Moreover, the policies would clear obstacles to cooperation and encourage progress conducive to regional integrated development. Specific arrangements for the promotion of relevant policies will be gradually rolled out, in accordance with the annual work plan.

Highlight 7: Sharing educational and training resources to achieve breakthroughs

Talent is essential for economic and social development. Only by raising educational levels and constantly fostering new types of talents can there be continuous momentum for regional development. Enhancing collaboration in education and training creates a win-win situation for both Guangdong and Macao. In the scope of basic education, the Framework Agreement proposes the “sharing of resources of kindergartens, primary and secondary schools between one another”. It also states that, “Over time, Macao shall provide school fee allowances for Macao children and students studying in Guangdong kindergartens and primary and secondary schools.” These symbolise the first step by Guangdong and Macao towards opening up and sharing resources for social and public services, and are significant regarding regional cooperation under “One country, two systems”.

The Framework Agreement proposes that construction of the new campus of the University of Macau on Hengqin Island will provide an opportunity to promote Guangdong-Macao cooperation in science, technology and tertiary education. The Parties shall jointly construct laboratories and research centres; and build a platform for cooperation between industries, universities and research centres in Guangdong and Macao. The Macao SAR Government shall provide scholarships for Guangdong students studying at tertiary institutions in Macao, such as the University of Macau, thereby supporting cooperation in education between the Parties with financial incentives. Capitalising on Macao’s leading position in terms of vocational training,

the two Parties shall “jointly develop vocational training projects in fields such as tourism, hospitality, conventions and exhibitions and creative design.” These will provide important professionals who have the skills and expertise required for developing industries in Macao and Guangdong.

Highlight 8: Integrated development of cultural creativity for prosperity

Cultural and creative industries are emerging industries, full of vitality. In 2010, the plenary session of the Guangdong Provincial People’s Congress decided to devise strategies for developing Guangdong into a key province for cultural activities. Macao has also established the Cultural and Creative Industry Development Committee, to boost the growth of related industries. Overall, “Mutual investment” , “Opening markets”, and “Sharing of resources” remain the distinctive features of cultural collaboration between Guangdong and Macao. These distinguishing characteristics create more scope for cooperation among enterprises, which are key market players. In addition, these create favourable conditions for citizens of both regions to enjoy a rich and varied cultural life.

The Framework Agreement has specific plans for cultural and creative industries:

1. Capitalising on government functions of guiding and supporting the industries, to optimise the mechanism for cultural and creative cooperation and formulate supporting policies;
2. Bringing into full play the market’s principal function of encouraging enterprises to make mutual investments. Enterprises in Macao shall be encouraged to invest in cultural industry zones in Guangdong, and Guangdong’s enterprises shall be encouraged to invest in Macao;
3. Leveraging on the historical and cultural resources of Guangdong and Macao, the Parties shall develop more attractive cultural products, to jointly expand the cultural consumer market;
4. Promoting culture as a vehicle for providing social and public services resources. The Parties shall jointly organise cultural and arts activities, develop a system for sharing cultural resources, and open up cultural venues to one another.

Highlight 9: Active Participation by Small and Medium-sized Enterprises to Seize New Opportunities

Development of small and medium-sized enterprises is the driving force behind economic growth and a key factor for harmonious social development. Additionally,

adequate diversification of Macao's economy cannot take place without the spirited participation of small and medium-sized enterprises (SMEs). The Framework Agreement specially includes an article on the Development of Small and Medium-sized Enterprises, emphasising jointly promoting and supporting the development and enhancement of SMEs in Guangdong and Macao through regional cooperation and sharing resources.

The ongoing intensification of cooperation between Guangdong and Macao has expanded the room for development of the regions' enterprises. The Parties proactively create favourable conditions for Macao enterprises to seize the opportunities to improve and develop. Based on the Parties' advantages and traits, the Framework Agreement presents an array of initiatives to support the development of SMEs:

1. Domestic market

The Parties shall offer support to Macao enterprises for expanding the mainland China market, establish a marketing and logistics system in mainland China, and creating brands for domestic sales.

2. Talent and technology

The Parties shall assist the small and medium-sized enterprises of their regions with introducing advanced technology and management experts to their operations, developing high value-added projects, and cooperate in developing brand management.

3. Quality enhancement

The Parties shall allow Macao enterprises in Guangdong that sell their products in the domestic market to apply for recognition and well-known trademarks in Guangdong Province.

4. Corporate financing

In principle, Guangdong's policies for supporting the financing of small and medium-sized enterprises shall also apply to Macao SMEs in Guangdong.

In the logistics sector, the Framework Agreement states that the Parties shall provide assistance for Macao enterprises that seek cooperation in investment in Guangdong, such as for port logistics businesses, third party logistics businesses and logistics information systems, thereby expanding room for development for Macao

SMEs.

Highlight 10. Green infrastructure projects help improve people's livelihoods

People demand better quality of life as the standards of economic and social development continue to rise. The Framework Agreement proactively responds to public demands for better livelihoods, and provides initiatives for improving regional environmental protection, people's livelihoods and social welfare, striving to effectively benefit the people.

For regional environmental protection, both Parties will take into overall consideration the higher level, broader protection of regional ecological resources.

1. Enhance management of marine environments and pollution prevention in the region, together with tackling river pollution at the border between Zhuhai and Macao, improving water quality;

2. Build cross-border nature reserves and ecological corridors to expedite the construction of cross-border greenways in the Pearl River Estuary, greening the landscape;

3. Jointly establish a regional air quality monitoring network to implement stricter standards on emissions by motor vehicles and vessels, striving for cleaner air.

These three initiatives will allow both Parties to gradually implement a three-pronged ecological control system for better water, trees and air.

For livelihoods and welfare, both Parties shall establish a system for cooperation regarding Guangdong and Macao social security, and discuss solutions for social security issues concerning those people who work or reside across the border. This indicates both governments have fully understood and stepped up to study the social welfare problems of the people living in the region. There is also progress with a system for cooperation regarding monitoring of Guangdong-Macao labour issues, which include cooperation in enforcing laws connected to back wages by enterprises, and in preventing flight by business owners who violate laws.

In addition, the Framework Agreement guarantees the supply of water and

electricity to Macao; clearly proposes the development of Zhuyin Water Resources Project in Zhuhai; explores the connections for integrating the water supply systems in the region; and discusses the enhancement of joint electricity transmission networks, to strengthen the system that secures Macao's electricity and water supply.

Safeguard Mechanism: New Cooperation Mechanism

A cooperation mechanism is pivotal to guaranteeing the implementation of the projects. Guangdong and Macao actively plan the following measures to modify the establishment of the cooperation mechanism, which has gradually become like a web, with multiple interconnections, and positive circulation of views: 1. Establish a high level meeting mechanism for independent policy-making; 2. Optimise the functions of the joint conferences, to enhance implementation; 3. Form a taskforce for studying the development strategy to broaden the consultation base; 4. Capitalise on the Guangdong-Hong Kong-Macao Cooperation Promotion Committee, to facilitate non-governmental interaction.

- **Policy-making: Establish a high level meeting mechanism.** Since 2010, senior Guangdong and Macao officials have held meetings regarding major cooperation issues, achieving breakthroughs that facilitate cooperation between Guangdong and Macao. The establishment of the format of high-level meetings between both Parties, serving as the strategic policy-making authorities, helps with studying and determining the major cooperation issues, and implementing the decisions at working-level. This is essential for intensifying cooperation between both Parties.
- **Implementation: Enhance joint conferences on cooperation between Guangdong and Macao.** The system for the joint conferences on cooperation between Guangdong and Macao will be enhanced, and the functions of the Guangdong-Macao cooperation liaison offices will be strengthened. Consensus reached at meetings by senior officials and joint conferences and issues in the Framework Agreement will be implemented, and key tasks for the year will be laid down. According to the requirements for professional division of labour and integrated coordination, both Parties shall set up or modify the taskforces to strengthen their capability to execute measures, in order to meet the changing requirements of cooperation.
- **Consultation: Assistance for policy-making and supervision of implementation.** The Framework Agreement proposed forming a taskforce for

studying the strategy for Guangdong-Macao development, comprising representatives of different sectors and experts from different fields. The taskforce will provide policy advice to both governments. Eventually, both Parties can consider forming a committee on cooperation and consultation. The consultation system is a “vehicle of public opinion” – a direct link between the government and society, which facilitates the scientific policy-making and democratic process, supervising and collecting feedback on the implementation work.

■ **Non-government sector: Strong support to non-governmental cooperation.**

The most significant players in Guangdong-Macao cooperation are the businesses, organisations and members of various industries. The Framework Agreement clearly capitalises on the platform of the Guangdong-Hong Kong-Macao cooperation promotion committee, and promotes the committee to serve as a “messenger” between the government and the community, and function as the “gas station” and “engine” for the cooperation between the two Parties. All sectors will form a positive interactive mechanism, to safeguard multilateral cooperation between the government, the market and the community.

Looking to the future, the path of integrated development of Guangdong and Macao is gradually becoming clear: Under the principle of “One country, two systems”, regional economic integration is accelerating; the integrated development of social and cultural lives is advancing; the interflow of factors of production in the region is becoming more convenient; green quality living and a green quality area are taking shape; and people will ultimately lead happy and contented lives.

The stage is set for closer cooperation, trumpeting the dawn of a new era! The magnificent blueprint for cooperation between Guangdong and Macao has been drawn. The roads for cooperation are clear. The cooperation tasks are outlined. The mechanism is finally established. At present, the crucial task is to carefully and pragmatically implement the Framework Agreement.

-- To implement the arrangements of the cooperation mechanism specified in the Framework Agreement, both Parties shall establish a clear system of responsibilities, which monitors implementation of every related policy, measure, initiative and task in a project. Only effective cooperation that produces results can improve people's livelihood.

-- To realise the spirit of explorations, innovations, and development advocated

in the Framework Agreement, both Parties shall jointly strive for Central Government support for realising the innovative approaches and auxiliary policies in the Hengqin Island development plan, facilitate pilot projects for service industries, and bravely act as the pioneers of reforms and innovations.

-- To realise the key objectives for the year that are listed in the Framework Agreement, both Parties shall persistently intensify implementation, summarise experience, broaden consensus, strengthen foundations, and carefully make advances in realising the key objectives for the year.

-- To achieve the aim of creating a world-class new economic area described in the Framework Agreement, both Parties shall promote regional integrated development, scientific development of Guangdong, and adequate diversification of Macao's economy, to make new contributions to the development of "One country, two systems".

Looking to the future, we are full of confidence and excitement! We believe that, with the special appreciation and staunch support from the Central Government, building on the careful and pragmatic work of both the Guangdong Provincial and Macao SAR governments, having the active participation and strong support of the people of both regions, capitalising on the widespread attention and positive interaction among all sectors of society, the magnificent blueprint drawn by the Framework Agreement on Cooperation Between Guangdong and Macao and the beautiful vision of regional integrated development shall be gradually realised.

Shared by Guangdong and Macao