

Review of Work Framework Agreement on Cooperation Between Guangdong and Macao

Since 2010, with support and guidance from the Central Government, Guangdong and Macao have been closely working together to draft the Framework Agreement on Cooperation Between Guangdong and Macao, which was examined and approved by the State Council in December 2010. In 6 March 2011, Guangdong and Macao officially signed the Framework Agreement on Cooperation Between Guangdong and Macao in the Great Hall of the People in Beijing, marking a historic new phase in the cooperation between Guangdong and Macao, as well as a new chapter for regional integrated development under the principle of “One country, two systems”.

1. Central Government Leaders Support the New Strategy for Cooperation Between Guangdong and Macao

The Central Government supports the cooperation between Macao and Hong Kong. At the end of 2008, the State Council approved the implementation of the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020) (hereinafter “The Outline”) and clearly proposed “Incorporate the related plans of the cooperation between Macao and Hong Kong into the Outline”, insisted on steadfast commitment to the principle of “One country, two systems”, and promoted close cooperation and integrated development between Hong Kong and Macao, to jointly build the most dynamic and competitive urban conurbation in the Asia-Pacific. This is to promote Guangdong-Hong Kong-Macao cooperation to the status of the state’s development strategy.

In September 2009, the State Council passed the Hengqin Island Overall Development Plan, and proposed the objective of “gradually building Hengqin Island into a pilot district for demonstrating new ways of Guangdong-Hong Kong-Macao cooperation under ‘One country, two systems’, a pilot scheme for intensifying the reform and open policy coupled with technology innovations, and a new platform to upgrade industries on the western bank of the Pearl River Estuary”. This is to lay a solid foundation for cooperation between Guangdong and Macao to develop Hengqin Island.

In October 2010, the Central Government announced the proposals for

formulating the National Twelfth Five-year Plan, affirming the strategy of “Intensifying Guangdong-Hong Kong-Macao cooperation and promoting regional economic development”, and introduced the specific proposals for making Macao a world-class travel and leisure centre and promoting adequate diversification of the economy.

In September 2010, General Secretary Hu Jintao attended the banquet held to celebrate the 30th Anniversary of the Shenzhen Special Economic Zone, and delivered an important speech. He requested the continuation, expansion and promotion of quality of reforms and the open policy, to create new advantages for participation in international economic cooperation and competition in globalisation.

In November 2010, Premier Wen Jiabao inspected Guangdong and Macao, and gave a heartfelt speech. He urged Macao to seize the opportunities of the Outline and the Hengqin Island Overall Development Plan in the development of the Pearl River Delta; strengthen cooperation with mainland China, especially Guangdong; accelerate the pace of major infrastructure construction; and foster nascent industries and new engines to boost the economy.

In December 2010, General Secretary Hu Jintao and Premier Wen Jiabao held separate meetings with Chief Executive Fernando Chui Sai On in Beijing, and said the National Twelfth Five-year Plan will further strengthen the exchanges and cooperation between mainland China and Macao, especially Guangdong-Hong Kong-Macao regional cooperation, and support Macao’s social and economic development.

Central Government leaders Xi Jinping, Liu Yandong and Liao Hui have issued some important directives and guidelines concerning Guangdong-Hong Kong-Macao cooperation. The Central Government has implemented a series of plans and initiatives to intensify Guangdong-Hong Kong-Macao cooperation, designated the direction for development, provided more space for Macao’s development, and clarified the development strategies, directions and focuses for formulating the Framework Agreement on Cooperation Between Guangdong and Macao.

2. Guangdong and Macao Principal Officials Work Together to Develop the Blueprint for Regional Cooperation

In order to implement the Outline with joint efforts, to foster closer cooperation

between Guangdong and Macao and the development of regional integration, member of the Politburo of the CPC Central Committee and Secretary of the Guangdong Provincial Party Committee Wang Yang and Guangdong Governor Huang Huahua met the Chief Executive of Macao Fernando Chui Sai On during a working meeting in Beijing in March 2010. They agreed to study and formulate the Framework Agreement on Cooperation Between Guangdong and Macao, which would be regarded as the directional agenda to foster Guangdong-Macao cooperation.

In the past year, principal officials of Guangdong and Macao have arranged numerous working meetings to thoroughly discuss and seek common ground on implementing the Framework Agreement. In particular, consensus was reached on major projects such as the development of Hengqin Island after rounds of negotiations. The mode and principles of cooperation were established, whilst the objectives and contents of the Framework Agreement were stipulated.

Secretary Wang Yang and Governor Huang Huahua both attached high importance to the cooperation and gave critical instructions and directives based on the working reports. They also gave guidance and made recommendations through examining and revising the text of the Framework Agreement. The Chief Executive of Macao, Fernando Chui Sai On, established and chaired a task force for follow up work.

In May 2010, Governor Huang Huahua and Chief Executive Fernando Chui Sai On co-hosted the Guangdong-Macao Cooperation Joint Conference, to further explore the Framework Agreement on Cooperation Between Guangdong and Macao.

After the formulation of the Framework Agreement, the principal officials of both Guangdong and Macao reported progress to the Central Government leaders and maintained communication with the relevant mainland China authorities, which have gained support and recognition from the Central Government leaders and related departments. This has laid an important foundation for launching the Agreement, particularly for breakthroughs in the Hengqin Island project. To facilitate policy innovations for the Hengqin project, following instructions from Secretary Wang Yang and Governor Huang Huahua, Executive Vice-Governor Zhu Xiaodan and Vice-Governor Liu Kun have led related departments of Guangdong to report progress to the Central Government. They were committed to garnering support for launching the auxiliary policies of the Framework Agreement.

3. Joining Hands at Working Levels to Identify the New Focus for Regional Integration

At working levels, the Hong Kong and Macao Affairs Office in Guangdong and the Office of the Chief Executive of Macao are organising and coordinating the project. Some 40 agencies from Guangdong, including Guangdong Provincial departments, related cities' and the Central Government's regional office in Guangdong, and ten departments from the Macao SAR Government are involved. Macao and Guangdong have established a joint working mechanism with eight taskforces, which cover integrated policies; infrastructure construction; synergy of industries; quality living area; exchanges regarding legal affairs; establishment of the business environment; Hengqin Island development; and cooperation in innovation. Thorough studies have been conducted, incorporating views from the Guangdong and Macao governments, community groups and research institutes. All sectors of society in both Guangdong and Macao have responded positively, with active participation, and have expressed many valuable opinions.

In April 2010, the working groups from the two parties held a coordination conference in Macao. The Macao SAR Government invited representatives from government departments, business enterprises, media, research institutes and higher-education organisations to join the conference. Views from all stakeholders were gathered, providing strong support for formulating the Framework Agreement.

After the extensive preliminary studies, research reports of all taskforces and views from all parties were consolidated. On this basis, the integrated drafting committee of Guangdong and Macao drafted the Framework Agreement on Cooperation Between Guangdong and Macao (Draft for Comment) in May 2010. The draft was submitted to both Macao and Guangdong for review four times, and was repeatedly revised according to the reviews. In June 2010, the integrated drafting committee held a working meeting in Guangzhou. The committee used the occasion to agree on and finalise the Framework Agreement on Cooperation Between Guangdong and Macao (Submission Draft). The draft was officially submitted to the State Council for approval in July 2010.

The State Council leaders attached high importance to and supported this initiative, by examining and making important directives on the Framework Agreement on Cooperation Between Guangdong and Macao (Submission Draft). Further improvements were required to support adequate diversification of Macao's

economy. With instructions from the State Council leaders, Guangdong and Macao worked closely to intensify the studies. Related departments were called upon to commence studies on seven specific topics to formulate more pragmatic, solid and feasible measures and initiatives.

In September 2010, Guangdong and Macao held a forum in Guangzhou regarding the Framework Agreement. Various parties such as the National Development and Reform Commission, the State Council's Hong Kong and Macao Affairs Office, and Liaison Office of the Central People's Government in the MSAR were present, to discuss, review and optimise the Framework Agreement. After thorough discussion and consolidating views from different parties, the Framework Agreement on Cooperation Between Guangdong and Macao (2nd Submission Draft) was amended and re-submitted to the State Council in October 2010 for approval.

4. State Ministries Lead the Launch of New Guangdong-Macao Cooperation Initiatives

Guangdong and Macao proposed innovative initiatives for implementing the Hengqin Island Overall Development Plan, such as hierarchical management, special customs supervision and tax incentives, in the course of formulating the Framework Agreement. The formulation and approval process of the Framework Agreement was also the process of proposing, communicating, negotiating, and rallying support for the Hengqin plan. The innovations in the Framework Agreement and the Hengqin plan gained staunch support from the State Council General Office, the National Development and Reform Commission, the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation, the State Council's Hong Kong and Macao Affairs Office and the Liaison Office of the Central People's Government in the MSAR.

In May 2010, the National Development and Reform Commission; Ministry of Public Security; Ministry of Finance; the General Administration of Customs; the State Administration of Taxation; the General Administration of Quality Supervision, Inspection and Quarantine; the State Council Research Office; and the Port Administration Office formed a special taskforce to conduct research and field trips in Hengqin, Zhuhai, for implementing related policies and initiatives in the Hengqin development plan.

In July 2010, after the State Council leaders reviewed the Framework Agreement

on Cooperation Between Guangdong and Macao (Submission Draft), related departments such as the National Development and Reform Commission and the State Council's Hong Kong and Macao Affairs Office were actively involved, and instructed Guangdong and Macao to commence the work on revisions.

In October 2010, the Framework Agreement on Cooperation Between Guangdong and Macao (2nd Submission Draft) was re-submitted to the State Council. The State Council sought advice from some 48 departments, including the National People's Congress Legal Affairs Committee, the National Development and Reform Commission, and the State Council's Hong Kong and Macao Affairs Office. Multiple departmental coordination meetings were called to synergise efforts for modifying and perfecting the Framework Agreement.

In December 2010, on the eve of the 11th anniversary of Macao's reunification with the Motherland, the State Council examined and approved the Framework Agreement on Cooperation Between Guangdong and Macao. This marked a new chapter in the closer cooperation between Guangdong and Macao, and the progress on regional integration.

The Framework Agreement on Cooperation Between Guangdong and Macao stipulated the basic approach to cooperation between Guangdong and Macao on the Hengqin project. The agreement has also allowed tremendous room for innovative policies and initiatives addressing the Hengqin development plan. The State Council attached high importance to and rendered full support to the Hengqin project, while being committed to fostering the adequate diversification of Macao's economy.

In December 2010, the State Council leaders hosted a meeting to discuss the innovative policies and initiatives related to the Hengqin Plan, as stipulated in the Framework Agreement. During the meeting, the National Development and Reform Commission, the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation also studied initiatives such as the special customs supervision, the hierarchical management, and tax incentives, with a view to working out details of these initiatives in the Framework Agreement. Meanwhile, related state ministries have commenced vigorous studies on Hengqin's various innovative policies and initiatives, to expedite the launch of supporting policies. This is expected to steer the development of Hengqin and the adequate diversification of Macao's economy with new drive and innovation.