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PORTUGAL-CHINA RELATIONS

A West-East Partnership for the 21st Century

1. Introduction

As a background context, the historic legacy of 500 years of the relationships between Portugal and China must be signalised. It was initiated by the arrival of the first Portuguese vessels in Canton, and then by the foundation of the first global career, linking Lisbon, Goa and Macau.

During the last decades (since 1979), bilateral relations between Lisbon and Beijing have been characterized by a peaceful disposition for dialogue, with Macau bridging the gap. This peaceful disposition encompasses their historic coexistence for more than five centuries, despite their different realities, in what is related to their territorial and demographic asymmetries, the disparity of their geographical position, their cultural differences, and their ideological unequal patterns. This disposition was also responsible for a realistic assessment on bilateral relations, which determined that People's Liberation Army had never decided to invade Macau, during about thirty years of the last century, the period marked by the antagonistic leadership of Antonio de Oliveira Salazar and Mao Tse-Tung.

This kind of disposition - and the negative reminiscences of the Hong-Kong's negotiation process - was also responsible for the Portuguese peaceful transfer of Macau's administration to Beijing. It gave to the world a responsible image of the two countries, of their mutual understanding, and of positive perspectives to their bilateral relations, and to an indication of the Macau's future, under the Chinese sovereignty as a Special Administrative Region of China, since December 1999.

Because of Macau's history, the Portuguese legacy and the cultural, economic and social mix in the territory, could represent to Portugal a crossroad to other regions of the world, enabling the concretion of the Portuguese "universality", throughout the cultural pillar (*lusophony*), and to could give China a launching ramp overseas, namely in Africa and Latin America.

As a Beijing's platform spread of influence, Macau became a *soft power* instrument to access regions and foreign countries considered to be China's priority in terms of energy, mineral riches and other natural resources, as long well as for its trade and businesses expansion. Beyond the great Asia-Pacific region, Africa and Latin America have been under the Chinese radar, to perform China's growth and development under the "one country, two systems" insignia.

Through Macau's platform, the Portuguese language could facilitate the connectivity between China and the former Portuguese colonies, belonging to the Community of Portuguese Speaking Countries (CPSC). In this international organization, Portugal and Brazil have been envisaged as influential and a guarantee of stability.

Having nine member-states (Angola, Brazil, Cape Verde, Guinea-Bissau, Guinea-Equatorial, Mozambique, Portugal, S. Tomé e Príncipe e East Timor), the CPSC has a remarkable presence in four continents (Africa, America, Asia and Europe) and in three Oceans (Atlantic, Indic and Pacific). Many of these countries are poor and undeveloped, but simply rich in terms of natural resources, especially energetic resources – the real motor of the economy in the last decades.

This Community, created in 1986, is based on the common Portuguese language, the same historical heritage, and on intergovernmental decisions and multilateral values.

As a multi-continental and multi-ocean international organization, with a singular identity, the CPSC has a strategic position in the international arena, being a privileged scenario for the competition of the world powers. In these terms, this Community represents nine important entrance doors in four different continents and also nine sea bastions, where rich natural resources can be caught and easily moved. Thus, they could easily assist Beijing to push for the country's growth and for the strengthening of its political regime and economic model, in order China become a world power. "One country, two systems" formula has a say on this ambitious plan, by the world exhibition results of a state model that matches the political mainland socialist regime with the especial administrative regions of Hong-Kong's and Macau's capitalist system.

The global strategy of China, its development and assertiveness, are now contributing for the emergence of a new world order in the aftermath of the 21st century.

Macau still represents to Portugal a historical legacy, which performs the Portuguese universalist political narrative that didn't disappear despite the state responsibilities within the

EU, or the consolidated relationship with China, the sovereign state over Macau's region. Actually, this territory has been employed as a world spread platform of the Portuguese cultural influence, mainly in the Asia-Pacific region, where many states still recognize the Portugal's impact on the first globalization phenomenon and many Asian communities still identify themselves with the Portuguese culture.

Macau really represents a paradoxical tool to Portugal either for the reinforcement of its relationship with the Portuguese-speaking countries or for its economic approach to China. Being an important crossroads to the Portuguese economic diversification plan, Macau, with its cultural legacy, likewise contributes to the promotion and the strengthening of the *lusophone* pillar.

Despite the Beijing's controversial political regime – as it is perceived by the Portuguese public opinion and by the Western allies -, it seems that still prevails a suitable political disposition in the pragmatic attitude of Portuguese authorities regarding China's rising power. Last April, in Beijing, Marcelo Rebelo de Sousa said to the media that he is “absolutely convinced that China is different. It is more open, more available to accept international rules, more close to the West. But the distrust – not the Portuguese one – still exists, and this conference (BRI Forum), organized by the regime, shows that.”

For maintaining Portuguese autonomy inside the EU and the country's differentiation from Spain, in the Iberian Peninsula, Portugal is managing a constructive political diagnosis about China's international strategy. In order to pursue its national interests and geo-economic perspectives, Lisbon position about Beijing's policy has been far from the catastrophism that frequently occurs in some Western political sectors, or even voiced by some experts in international relations, because of the human rights' situation in China. Even if there are ideological constraints between the two countries, on the human rights' issue Portugal has having a cautious position, avoiding be interpreted by interfering in the Chinese internal policy.

Realistically speaking, the Asian policy of the Portuguese government has been conditioned not only by the Macau's issue, and its future, but also by East Timor questions. These two important matters, as an outcome of the Portuguese historical legacy, have been a structural incentive to settle strategic priorities for Asia-Pacific region, in general, and for China, in particular, as a request of Portugal's international reputation and of the country's economic development. They have also impacted other priorities in Portugal's external policy

agenda, namely the country's position inside the EU, its strategy towards the Portuguese-speaking countries and the CPSC and, last but not the least, the consciousness about the Portuguese world responsibilities that it could take.

2 – Considerations about Portuguese external policy

Having a conservative external policy agenda, essentially focused on Europe, on the territories of its former empire, and on transatlantic relations, Portugal was obliged to adjust its external policy to the global transformations. The globalization era gave to Portugal a new world vision, which required new priority strategic axes, where Asia-Pacific region seized an imperative place, with China and other emergent powers taking a specific room at the top of the Portuguese external agenda, but always in connection with its traditional priorities (the structural alliances in the Western world and the *lusophone* space).

It is a matter of fact that the globalization effects brought huge challenges and threats to all. Between them, we can appoint: the deviations of the old world order; the emergence of new great-powers, like China; the balance of power fluctuations; the lack of a world governance; the struggle between multilateralism and an unipolar world; the compelling advances in science, technology and innovation; the security requirements; the economy as a worldwide paradigm; the dependence and the interdependence *versus* autonomy; and the need of natural resources for the survival of nations and for the well-being of populations. All of them have contributed to a more realistic world-view and to a new perspective of Portugal' strategic international options.

During the last decades, the good performance of Portuguese diplomacy at the international stage fixed the state's desire of reaching greater importance; greater than the country's real size, and than its comparative advantages, particularly on the economic field.

A full member-state of NATO, the EU, the OSCE, the Council of Europe, the OECD, the WTO, the CPSC, and the Iberia-American States Organization (IAO), Portugal experienced the international victory of being three times elected as a non-permanent member of the UN Security Council, and once as president of the UN General Assembly, with Diogo Freitas do Amaral. Portugal also won the nominations for the European Commission Presidency, with Durão Barroso, the current UN Secretary General, with António Guterres, for the e Euro-Group Presidency, with Mário Centeno, and for the IOM Directorate, with

António Vitorino. Besides that, Portugal is an active participant in the UN, NATO, and the EU peace and security missions, where it reached international recognition.

In the present dangerous global situation, facing uncertainty and unpredictability, Portugal has been a strong defender of multilateralism, assuming a constructive approach to the world governance. Besides, Portugal has demonstrated its political will on the redesign of the global equilibrium.

The Atlantic Ocean situation of the country's geography, its belonging to Europe (EU), its membership to the CPSC (connecting Africa, Asia and Latin America), the internationalization process of the Portuguese economy, and the promotion of the Portuguese language (*lusophony*), perform the core centre of Portugal's external strategy, based on a "universalist humanity" perspective. In this sense, the Portuguese maritime strategy isn't just the Atlantic Ocean itself, which borders the country, but the global Ocean's environment, with all the seas involved. This global perspective, based on the *lusophone* space supports the Portuguese "maritime blue policy", which summons all the Portuguese-Speaking countries and the foreign communities that have links with the *lusophony*.

When Portugal broke with its imperial regime, and decided to join the Economic European Community (1986) – later on, the EU -, Portuguese authorities set the country's strategic priorities as an average of global influence vocation. Democracy, the rule of law, the respect for human rights, the maintenance of world peace and security, the multilateralism, and the sustainable development, belong to a solid package of humanist values that Portugal assumed since 1974 on its international political agenda.

According to these values and to Portugal's global vocation, its external policy would make of the country's geopolitical position the main axe of its international action, encompassed by a broadening of its alliances and partnerships, the promotion of the *lusophony* – the historic, cultural and social Portuguese patrimony around the world, as a national design -, the internationalization of the Portuguese economy, the attraction of foreign direct investment, the scientific and technological innovation, the reinforcement of the international security, and the achievement of its maritime strategy (extension, resources, and security).

At the same time, Portugal appeared as a strong defender of multilateralism, of the UN's reorganization (SC), and of the WTO's new rules, according to the new world realities, to the sustainable development requirements, and to the environment's protection.

Conferring to these political reflexions, the Portuguese external policy would maintain its structural vectors. In geopolitical terms, the European (EU), the Atlantic (NATO/US/Canada/IAO/Brazil), and the African spaces (APSC/CPSC), with the Portuguese diaspora, which doesn't run out only inside the CPSC, should perform altogether Portugal's political frame. The centrality of the country in these different spaces and the defence of Portugal's global interests (envisaged as the autonomy's requirement of a small country, to counterbalance the power of its European neighbours) should require specific political action axes, like the reinforcement of the multilateralism (proposed as a political answer and vocation); the promotion of the Portuguese language; the internationalization of Portugal (economy, language, culture, science, technology); and the diversification of its allies and partnerships.

The Portuguese strategic option of giving priority to the Asia-Pacific region, and particularly to the relationship with China, was, thus, the national answer to those requirements, to the accomplishment of its historical legacy, and to the world's transformations.

In this context, Macau – with the exemplarity of its administration handover process - would represent the turning point of the historic relationship between Portugal and China, being now their major anchor point.

3 - The Portuguese-Chinese relationship and its Geopolitical Context

Huge territorial and demographic asymmetries, the singularity of each civilization (Christianity *versus* Confucianism), and the two countries' different power capacities would always influence bilateral relations between Portugal and China. However, their relationships will be influenced by the historical links and also by the mutual convergence of some national, regional and global interests, where trade and economy, environment, multilateralism, security and world peace took place in their political agendas.

After the devolution of Macau's administration to Beijing (1999), the economic relations between Portugal and China were somehow a kind of replication of the slow and gradual withdrawal of the Portuguese presence in Asia, even if the political and diplomatic bilateral relations presented a better scenario. Chinese pragmatism and Portuguese realism (*Realpolitik*) coloured this mid-term relationship.

In the Portugal' side, concrete reasons determined this situation, as follows: i) - the distance between Portugal and the Asian markets; ii) - the high transportation costs; iii) - the ignorance of local languages and of the trading culture in Asia; iv) - the main focus on the European integration process, the evolution of the transatlantic relations, and on the singular relationship with the Portuguese-speaking countries; v) – and the old tendency of the Portuguese businessmen for to leading state intervention in the promotion abroad of their business, in the foreign trade, and in the internationalisation of the Portuguese economy, to avoid risks.

From the political point of view, due to the success of the Macau's administration handover to China, Portugal has maintained friendly relations with the People's Republic of China, recognizing *de facto et de jure* the territorial sovereignty of China (“one China”), and “one country, two systems” formula. This respectful relationship was regularly reaffirmed within the framework of the state visits exchange, and of the bilateral relations between Portugal and Macau. This was also expressed by a more ductile Portuguese stance towards sensitive Chinese issues, either in Brussels or regarding the Europe-China relationship, even if Portugal's position about human rights in China where well known by Chinese authorities.

Nevertheless, despite their convergence on some points of mutual interest, and the friendly political declarations, their bilateral relations rarely exceeded the circumstantial diplomatic nature, without any significant or concrete effects on an advantageous, beneficial, and more promising mutual relationship.

Due to its economic development process and needs (resources and markets), and to its requirements to achieve the emerging power status, China recognized how advantageous it could be, for its national interests and global strategy, to explore the Portuguese legacy in Macau, using it as an instrument of *soft power* and of the Chinese influence in the Portuguese-speaking countries. Besides the Southeast of Asia – the China's first circle of the country's vital interest -, Africa and Latin America should represent the next step in the Chinese global expansion strategy, in the aftermath of the 21st century.

The presence of China in Africa is not a new event, nor even ignored. Its arrival process began in the last century 1950s, when the Bandung Conference marked a turning point in the bipolarized world, with the emergence of the Non-Aligned Countries Movement. Nevertheless, the struggle between the two superpowers during the cold war didn't facilitate the extension of the Chinese influence in the African continent. After the end of the bipolar

world, the European countries' rejection of a deep involvement in the internal policy of their African former colonies, the USA's withdrawal from conflictive areas not directly connected with the America's vital interests, the Russia's retreat by as a matter of national survival, and the emergence of new powers, competing by natural resources, energy and new open markets, all of them essential for their economic growth, brought a new opportunity for the enhancement of China's expansion in the African and Latin American continents, and along the Indic and Atlantic Oceans.

The institution of the *Forum China-Africa Cooperation* (2000) marked the starting point of a new dynamic of China's penetration in Africa, where the Chinese presence is now massive, almost similar to its presence in Latin America. Beijing used its *soft power* policy to captivate new allies, investing in diplomacy, education, science, and technology, financing great infrastructural and productive projects, giving priority to the *win-win* cooperation, and promoting the military cooperation, because of economic and security reasons.

Besides Brazil - the BRICS member and the Chinese first partner in Latin America -, China elected also Portuguese-speaking African countries to improve the relationship with them, taking into account their natural resources (energy), their economic, social and political fragilities, and their geostrategic position in the margins of two big Oceans - Atlantic and Indic – so much important for its merchandizing transportation. Because of their special geography, these countries would belong to the new China's maritime corridors, trough which Beijing would expand its commerce and influence to obtain economic, and strategic benefits.

Given the Portugal's legacy, Macau should play the role of a strategic platform for China's power irradiation in the Portuguese-speaking countries, throughout their common cultural and historical links. In this sense, Macau represents a cultural, social, political and economic crossroads between China, Portugal and the Portuguese-speaking countries that favours the Chinese influence's extension across African and Latin American continents, and to Europe.

In September 2003, Beijing decided to create the *Forum for the Economic and Trade Cooperation between Macau and the Portuguese-speaking Countries*, the Forum Macau. This Forum would be an important tool for the Chinese *soft power* and a core instrument for the economic cooperation with the Portuguese-speaking countries. With this strategic tool, China could better pursue its economic and energetic interests, and obtain the requirements for the poor African countries' development, encompassing them with the global project of becoming

a superpower, and with the political assignment of being accepted as a pacific nation, as to the model of “one country, two systems”.

Brazil - an important pole of the Chinese expansion in the South Atlantic Ocean - was definitely elected as the China's *lusophone* great partner in Latin America. In Europe, Portugal would become other China's partner, envisaged to better facilitate the European-Chinese relationships and to smooth the political positions of bigger European countries (France, Germany, Spain and Great-Britain) against the state' socialist regime and also against Chinese financial and trade rules.

The Portuguese-speaking countries in the Southern hemisphere (where Brazil is a strategic China's partner in Latin America, and Angola is the number one China's partner in Africa) became the privileged scenario of the China's “oil and natural resources diplomacy”, essential to Chinese economy needs and to its own regime survival. In line with this cross-boarder strategy, these countries have been incorporated into China's markets expansion, in infrastructural projects along the African and Latin America continents, in the security and defence requirements, both on land and at the sea, and in Belt & Road Initiative (BRI).

Nowadays, the Portuguese-speaking countries (Portugal was the first European country to establish a “blue partnership” with China) are included in the Chinese “blue diplomacy” and in the BRI. These countries are an important target for China's economy needs, as energy suppliers, infrastructural receptors and demographic great consumers, answering to the China's power requirements. They can also answer to the developing countries' empowerment necessity, representing a balance of power against the US, the EU, and other emergent powers, as Russia and India, or even Japan and South Korea. It's almost certain that Beijing believes that those countries could contribute to China's international role as the leading defender of a multipolar world, over the North America's imperialism and unilateralism, and over the conservative European Union, now weakened by the *Brexit* and the Eurosceptic parties.

By establishing the Forum Macau, China could easily offer to the differing world an image of a respectful socialist nation, free of resentments towards Portugal, in what is related to the former "colonialist occupation" of the region, using this Forum instead to project an aura of a peaceful, cosmopolitan, mercantile, and tolerant state, very supportive of developing and poor countries. China also wanted to give the image of a pragmatic and solidary nation, available to help Southern hemisphere poor populations, investing in their countries without

using the political conditionality's applied by the Western powers in their relationship with the developing countries.

The Portuguese language and the historical links between the so-called *lusophone* countries, on which lays the foundation's pillar of the CPSC, should contribute for China's global strategy, in competition with the USA and the EU, on which Portugal seems to be peripheral, but at the end it can show that it is an influential partner.

This China's global strategy was envisaged to modelling a new world order, at first supported by multilateralism, where the country should become a new great power.

Even understanding this objective, Portugal didn't retreated from improving its relationship with China and from encouraging the trilateral cooperation with the Portuguese-speaking countries, with the political conviction that it can play a moderate paper in the new world order process.

3.1 – Portugal-China historic relationship

Despite more than five centuries of contacts, some decades of exchanging official visits, and the political central role of Macau, the establishment of the Comprehensive Strategic Partnership between Portugal and China (2005) was the turning point of their relationships. This comprehensive partnership could consolidate the geopolitical triangle formed between China/Macau, Portugal (EU) and the CPSC (Africa-Asia-Latin America). On this geometric figure, China (the biggest world goods producer) and Macau (a regional pole of China's global irradiation) stay on its top. The links between Portugal and the EU (main consumer of high-quality products), for one side, and the Portuguese-speaking countries (the biggest suppliers of raw materials and energy), for the other side, can act together as a bridge on which China should improve its economic interests, giving them the major importance. As part of this triangle, Portugal could also benefit from its strategic position, by using its universalist values and connections.

The accomplishment of Macau as a China's special administrative region, the Portuguese respect for the Chinese sovereignty over the territory, the improvement of the bilateral cooperation between Portugal and Macau in several important fields (education, culture, science, technology, economy, and finance), and the success of the Forum Macau, bringing together the Portuguese-speaking countries to reinforce cooperation and to promote

their development, contributed for to a more friendly relationship with China. As far as the Portuguese Minister of Foreign Affairs' words can express, it's important to take note of his recent declarations: "the Macau's transition was exemplary on the way the Basic Law's compromises have been met... something that accentuated the quality and the nature of the relationship between Portugal and China, such that one country can tell about the other it is partners in such important dimensions as political-diplomatic, cultural, education and linguistic areas". And he continued saying that "We must look to the Macau's future inside China and to our relationship's future on a more generalist framework of the Portugal and China bilateral relations, historically without any confrontations" (April 2019).

Actually, China did not need Portugal to "enter" in Africa or in Latin America. Since 2000, it got a dominant presence there, even stronger than Portugal's one. China also doesn't need Portugal to "penetrate" into Europe, where it has already stronger partners (Great-Britain is the biggest European receptor of Chinese investments), and several political supporters (Central European countries and some new far-right parties). Given the fact of Portugal having good relations with the other Portuguese-speaking countries and of being an EU member-state, the most important for China's policy seems to be Portugal's international image in the political, cultural and economic fields, and its "universalist" and pacific characteristics, which can give the prestigious sign and the guaranty for improving better relationships and opening renewal horizons. The Portugal's geostrategic situation also helps on these political considerations.

It is out of the question that the Macau's transition process and the Portugal's position in this matter, also related to the Portuguese acceptance of the "one country, two systems" formula, are of a great importance to Beijing, because it can signify the credibility of China in the international arena.

a) – The political relationship

Since the signature of the bilateral partnership, the political and diplomatic relationship has been improved. The Portuguese language deserved a special attention from Chinese authorities, and the economic and commercial affairs experienced a better and a more optimistic atmosphere.

Nevertheless, bilateral trade and direct investments continue to favour China, causing a systematic imbalance against Portugal, whose open economy contrasts with Chinese trade and financial protectionism.

This atmosphere also favoured Chinese students and immigrants who want to come to Portugal, transformed now on the homeland for the fifth-biggest foreign community, with about 23,000 people (5.50%).

The given facilities to acquire the “golden visas” had a notable repercussion on the Chinese investment in Portugal. The “visa gold” policy favoured foreign investment, and contributed to the augmentation of the Chinese community in Portugal. Its light decrease (from 302, in 2018, to 218, in 2019) only shows the ultimate tendency towards relaxation of the Chinese investments in Portugal.

The relationship between Portugal and China experienced an enthusiastic time during the *troika* period, marked by the bulky Chinese investments in Portugal, having repercussions on all the fields of bilateral cooperation. A good climate of mutual understanding favoured the exchange of high dignitaries’ visits, the signature of almost two dozens of cooperation agreements, the institution of the political dialogue, and the exaltation of mutual celebrations, in 2019, dedicated to the reassumed diplomatic relations and the Macau’s administrative transfer to Beijing. Several cultural events were decided to take place in both countries during 2019.

These celebrations are supposed to culminate in the process of rapprochement, reinforced by the signature, in Beijing (April, 2019), of the Strategic Dialogue MoU. This instrument signifies a progress from the Strategic Partnership (2005) to a “constant political dialogue” (regular consultations both in the context of the EU cooperation and of the relations with the Portuguese-speaking countries). It also envisages that the Portugal-China relations are at the same level of as France, Great Britain, Germany or the US.

In parallel, the increase of the Portuguese language studies in China (and in Macau) and the augmentation of the Confucius Institute delegations in Portugal, the political compromises on the trilateral cooperation field, taking together Portugal, China and the Portuguese-speaking countries, the improvement of bilateral trade, tourism and cultural cooperation, and the “accession” of Portugal to China’s Belt & Road Initiative, are having an important impact on this bilateral relationship. It must be said that to avoid broad political

misunderstandings, Portugal prefers to talk about “cooperation” with the BRI, instead of “accession”.

As is often recognized by Portuguese authorities, this climate of good understanding also favoured the electoral victories of António Guterres and of António Vitorino to the UN Secretary General and to the IOM direction.

Portugal is also deeply thankful to China for the financial support during the *troika* period, when the country was in a difficult economic situation, having no other international supports.

During this period, Portugal has been the EU member-state with a more flexible position towards China, avoiding hard criticism in what is related with democracy and human rights, or with the China’s trade and investments protectionist policy towards the EU.

Nowadays, a kind of “normality” of the bilateral relations seems to be installed, cooling down the previous enthusiasm. The Chinese investments decreased, despite the President Rebelo de Sousa’ appeals to the China’s investment in the Portuguese “real economy”. Notwithstanding their size, the Chinese investments in Portugal privileged the acquisition of different public enterprises on their privatization framework, giving preference to the strategic sectors. The productive sector is now open to new Chinese investments, if China wants to, despite its own economic difficulties. The negative side effects of the trade war with the US, the Trump’s threats of retaliation, the pre-announced international economic crisis, the political contentious with Russia, Iran and Venezuela, all of them supported by China, the EU political crisis, with the *Brexit* and the growth of anti-European parties (apparently also supported by China), and the situation in Hong-Kong, are not in line with a better climate for new Chinese investments in Portugal.

The dialogue between the two countries will certainly continue to be shaped by “business as usual”, by sympathetic declarations, and by cultural cooperation, avoiding politically irritant themes.

Portuguese authorities used to stress that China is a “partner”, not an “ally”. Beyond mutual convergences and the advances made in their relationship, the human rights issue in China continues to harm the bilateral relations, even if Portugal prefers to soften its political judgements, but not to silence them.

The manifestations of the pro-democracy movement, in Hong-Kong, didn’t provoke any official comments in Portugal. Being afraid of contagion in Macau and so as not to irritate

Beijing, Portugal only subscribed the EU communiqué, asking for a political dialogue between the parties involved and for restraining from violence.

The new socialist government in Portugal, due owing to its parliamentary minority, seems not to have great political manoeuvre to modify this scenario, even if the number two of the government, the Minister of State and Economy, Pedro Siza Vieira, is considered to be a sympathizer of China's investments in Portugal.

The lack of the government's political manoeuvre is linked to the Left-Block's position – the 3rd political force in the parliament, and the second in the left side of the house – known to be critical against the China's regime.

At the same time, it is not yet clear what will be the SPD's position on these themes. Due owing to its electoral defeat (the SPD is the 2nd political force in the parliament and the opposition leader), the party was plunged into a crisis, with internal elections at the beginning of 2020.

The same uncertainty must be applied to the future President of the Republic. Next year, Portugal will also have presidential elections, and it's almost certain that Marcelo Rebelo de Sousa (a former leader of the SPD) will repeat his candidature, if his health conditions could permit. In this conjuncture, he will probably restrain himself from giving greater support to China's issues, because of the negative side effects they could have on an electoral scenario.

At the same time, the municipal elections will take place next year, with all the parties fighting for better national results.

The political cycle in Portugal for 2020 seems not to be very supportive of an increment of Portuguese-Chinese relationship, beyond cultural matters. The same can be said about the Portugal's position in the EU, on what is related to the Chinese sensitive issues.

b) The economic field

The economic, financial and sovereign debt crisis, unleashed in 2008, struck with violence the EU peripheral member-states, Portugal in particular. In 2011, Portugal was subjected to an external financial intervention (*troika*) that imposed heavy socio-economic measures, namely the privatization of national strategic enterprises. This national crisis provided a window of opportunity for Chinese investments in those strategic sectors (banking,

electricity, water distribution, health, insurance, telecommunications, logistics, housing), strengthening the relations between the two economies and the relationship between Portugal and China. The Chinese investment stock in Portugal totalized about 10 billions euros.

Even if the bilateral relationship showed a better climate and a more consolidated instruments for its improvement, the Chinese investment strategy in Portugal has been subjected to some constraints. China experienced the frustrated attempt of the Construction Group to enter in the Lusoponte enterprise, faced problems with the acquisition of the Portuguese company of renewable energies, Generg, by the Chinese state enterprise, Datang, and it saw also to be denied the total acquisition of the EDP, because of the red light showed by the regulator entities and by the foreign countries involved, namely the USA. In the special case of the EDP, the Chinese Three Gorges enterprise is facing not only the pressure from jurisdictional discussions about the excessive rents imposed on Portugal, but also the penalization of the regulator entity because of alleged abuses of a dominating position in the Portuguese market. In September 2019, the EDP was fined with €48 million.

The implementation of the 5G (Huawei) is not yet on its way, due to the blockage imposed by the national regulator, ANACOM, despite the complaints from different companies.

All these constraints are for certainly subjected to the pressure of the trade war unleashed by Trump that elected China as the “first American enemy”. China is facing similar economic difficulties in other European countries, as Germany, a European country in the Trumps’s sights of tariffs retaliation. Using its power, only France seems to pave the way for doing big business with China, even if it uses to take hard positions against China in the European Union. President Macron told recently to the press that he would assume the direction of the European policy towards China.

Nevertheless, China Tianying enterprise is close to buying the Portuguese insurance company, Goupama, and also the Cofco, an agro-food enterprise, installed in Matosinhos, North of Portugal.

The Portuguese mail company, CTT, and China Post signed an *e-commerce* agreement for all the goods sold on the *Web*, a trade segment that is rising more than 100% a year.

China seems not to maintain the same interest as before in investing in Portugal. Portuguese authorities’ petitions for Chinese investments in productive sectors, instead of national strategic sectors, have not obtained from China the expected favourable reactions.

Chinese businessmen use to argue that it is difficult to find good opportunities for new investments in Portugal.

From the point of view of Portuguese authorities, there are still many areas open to a future rising cooperation with China, such as automotive, electric mobility, aeronautic, agriculture, fisheries, naval construction, chemistry industry, paper industry, textile and renewable energies. And also science and technology, finance, logistics, infrastructures, transports, forests, mineral resources (notably Portuguese lithium, an exponential product of Portuguese exportations), tourism, health, culture, education, sports and leisure, could be included in those fields open to the foreign investment.

Science and technology, new industrial materials, renewable energies, the economy of the sea, ports, logistics and transports facilities could be at most the heart of the interest of China's bilateral strategy - with an eye towards the European market, with more than 500 million consumers, and the Portuguese-speaking diaspora network.

Chinese investments in Portugal have been a sensitive issue in the internal politics and public opinion. Some political sectors, from the right to the left, always complain about the Chinese influence in the national strategic areas, criticizing too the small effect of China's investment in the labour market.

As already said, the economic scenario remains fragile especially on what is related to bilateral trade, given the large deficit in the Portuguese trade balance, the Chinese protectionist barriers and the disparities between the two markets. The bilateral trade reached 5.6 €billions, in 2017, with the Portuguese exports rising 25% (843.3 €millions) and the Chinese exports to Portugal rising 13%. In 2018 (August), this scenario was even less optimistic, with a slowdown of 18.3% in bilateral trade. However, the agreement to export pork meet and fruits to China will represent an important instrument to decrease the Portuguese trade deficit. China is, at present, one of the best Portuguese shoes markets abroad.

The alleged Chinese infractions of rules of the WTO, namely the intellectual property rights, the state aid to Chinese companies, and the overproduction, distorting completion, have been grounds for complaint from Portuguese authorities, and also from the EU.

China is the eleven-largest world client of Portugal, and there are 1150 Portuguese enterprises involved in their bilateral trade. In the context of the Community of the

Portuguese-Speaking Countries, Portugal is the third-largest client of China, after Brazil (the first one) and Angola (the second).

The Chinese tourism in Portugal has much greatly increased in the recent years (275 thousand tourists in 2017, 4% more than 2016).

The regular direct flights between the two countries have contributed a lot for to this increase. Nevertheless, the suspension of these flights, last year, blocked this progression of the Chinese tourism in Portugal, also harming the bilateral business dynamic. The regular flight connection between Lisbon and Beijing could in the future add another direct connection to Xian, a historic Chinese city. This matter is still in a negotiate process, so it is not being predictable that these direct flights operations will resume soon.

In sum, the economic bilateral relations between Portugal and China have experienced better days; they are now in a slowdown mood, despite the state visits exchange (Xi Jinping to Portugal, in December 2018, and Marcelo Rebelo de Sousa to China in April 2019).

As a consequence of the international juncture and of the political criticism both from the public opinion and from its foreign allies (some European countries are re-evaluating the Chinese investment strategy), Portugal seems to be more cautious in relation to China, and to the Chinese investments.

In this scenario, Macau could be the privileged “window of opportunity” to improve the Portuguese economic relations with China, giving to the territory an added value in this relationship. This is one of the Portugal’s reasons for trying to influence the stability in Macau, looking to its “future inside China”, as said by Augusto Santos Silva.

c) The culture

Better results of the two state visits, in 2018/19, were experienced in the cultural field. The political symbolism of the celebrations, during 2019, is helping this cultural climate.

The *lusophone* policy is structural for the comprehensive Portuguese foreign policy. It is the official argument for the so-called Portuguese “humanitarian universalism” and for the Portugal’s world projection.

The Portuguese language is recognised as an important communication vehicle in many African, Latin America and Asian countries, and in their own diaspora (more than 255

million people). In these terms, the Portuguese language and education have a strategic dimension on the bilateral relations with China (and Macau).

This is why Portugal is making such big efforts for the promotion of the Portuguese language in China, which has demonstrated to be (interest in, and) sensitivity towards this Portuguese policy. The Portuguese language teaching in China has become a booming domain in the last decade. The influence of Macau (where there are 45 schools teaching Portuguese language, and more people speaking Portuguese language than in the Portuguese administration period) is making the difference. Nowadays, there are 48 Chinese universities teaching Portuguese. In the next academic year it is expected that new full bachelors in the Portuguese language will finish the university with their academic degree.

Despite this progress, the Portuguese language in China has not reached its real potential, taking into account the China's extra-territorial strategy, its population, and the role of the Portuguese language in the developing countries belonging to the CPSC, where China wants to "legitimate" its dominant presence. The teaching of the Portuguese language in China still remains the "little used" group of foreign languages, with just more than 3500 students. The English is the first foreign language used in the Chinese universities degrees, being a China's competitive weapon against the USA. China is now giving the status of universal language to the English language, but it is not far from its own interests because of the technological corridors in the information space, where the English language is a must.

d) The bilateral relations in the EU context

The framework of EU-China relations is affected by differences in the sensitive political domain (democracy, human rights, rule of law) and in economical areas (trade and investments), despite the important bilateral instruments that structure and promote their relationship.

In this context, Portugal has been a facilitator for a more moderate European policy towards China. Portugal has not only counterbalanced the hard-core defenders of greater intransigence towards China, but it has also contributed, as a sovereign European country, the avoidance of extremely harm to Portuguese and Chinese interests. This position has been in line with the new pragmatic strategy of the Portuguese external policy, on which the Asia-Pacific region is a priority of the state's political agenda.

From the Beijing point of view, the EU is merely a multilateral institution that aggregates sovereign states, being prevented from imposing a unified external policy to its member-states. The European crisis and the growth of the Eurosceptic parties are like a “gate of opportunities” to the prosecution of the Chinese interests inside the EU. China seems not to be attracted by a strong EU; but it should not be in the China’s strategic interests that the EU disaggregate or disappear as a political and an economic single block. This eventuality could represent the disappearance of an important balance of power, in a possible scenario of a bipolarized world and of the re-emergence of the Russian imperium.

The challenge of a unipolar world posed by Trump, and of Putin’s ambitions, should make China ponder that the EU will represent a good and necessary counterbalance.

The reality shows us that the EU is having its biggest political crisis, risking its disintegration. The *Brexit* can be the first stone of this disintegration, with all the negative effects on the economy and security of the world.

The external effects of the *Brexit* will occur, not only in the relationship with Great Britain’s European partners, inside the EU, but also inside the NATO context. Great Britain is a nuclear state, with the most important army inside NATO.

A part from being a dangerous precedent for other European member-states, feeling not very comfortable inside the EU and with the Union policies, *Brexit* will push Great Britain to the Trumps’ arms. The US President has already promised to his “admired and good friend” Boris Johnson that he will be very welcome to conclude a bilateral comprehensive and “fair” agreement. Instead of making the “United Kingdom great again”, *Brexit* can destroy the unity of the State (Scotland and Wales could ask for their independence), the peace agreements with North Ireland could be in risk, with the return of terrorism, and the political autonomy of Great Britain, submitted in the future to the political wills and interests of Washington, could be an illusion.

e) The Belt & Road Initiative

The “*BRP*” or “*OBOR*” initiative, announced by President Xi Jinping, in 2013, raised the level of geopolitical ambitions of Beijing in the trade, technology, infrastructures, and security framework, and in the international power hierarchy. This ambitious and global project of interconnectivity across countries and regions has a trans-continental and maritime

dimension, linking Asia, Africa, Europe and Latin America, the Pacific, Indic and Atlantic Oceans and the Mediterranean Sea. Several European countries are already partners in this initiative, and also in the correlated financial institutions. Portugal is already a partner in this global project, through different projects of cooperation with China.

During the state visit of Xi Jinping to Portugal (2018), both countries signed an agreement of cooperation in the *OBOR* initiative, in the beliefs that it would play an important and strategic role of confluence between Europe, Africa and Latin America, under the China's *win-win* perspective. Portugal's localization is in the main centre of the Atlantic routes, in front of the Panama Channel and at the entrance of the Mediterranean Sea, and its peripheral European situation, determined the Portuguese decision to valorise its maritime ports, and to force the land interconnectivity to Europe, previously projected to stop in Madrid.

In the Portuguese view, being a full EU membership, and having a singular geographic position in Europe and privileged links with other continents, could allow Portugal as to be a strategic bridge between West and East, North and South, Occident and Orient. On the other hand, the country's economic vulnerability (contrasting with Portuguese capacities of innovation, its scientific and technological advances, and its universal vocation), could make Portugal a reliable China's partner, not only in Europe, but also in the CPSC, and around the world. The defence of multilateralism and the peaceful character of Portugal's external policy should represent to China a guarantee that Portugal is a worthy country.

The BRI emerged as a great Portuguese opportunity to stop to relying on continental European countries, like France, Germany and Spain. Under Trump's administration, the USA could not be the preferred partner, although they are an old ally, carrying the same civilizational principles and values. Nevertheless, Portugal needs to obtain resources, modern technology, and to use less traditional tools to accomplish national interests in the international arena, so it has to cooperate on a global economic relationship scale, just like China's.

With this purpose, the geostrategic potential of the Port of Sines (and other maritime Portuguese ports, such as Setúbal, Barreiro and Leixões), is an Atlantic central gateway to Europe and a crossroads to Asia, Africa and America, where 8% of the total handling containers comes from China; the Port of Praia da Victoria (Terceira island), in the Azores archipelago, which could be transformed in a large LNG station, and a maritime platform in the main centre of the Atlantic Ocean, next to Madeira and North Africa; the strategic links

between Portugal and Cape Verde, where the Fuels National Enterprise (ENACOL) is under control by the Portuguese GALP enterprise (more than 48%); and finally, the Portugal's geopolitical, geostrategic and cultural position fields, considering the *lusophone* space.

Last August saw the launch of the international public tender for the construction of the new terminal of the Port of Sines. China (and also the USA) has been appointed as the most interesting candidate for this project. The connection with the BRI is unavoidable.

The preparation steps to access the BRI have begun some years ago, with the Portuguese participation in the *Asia Infrastructure and Investment Bank*. It also benefits from the Portuguese links (and those of the EU) with ASEAN, in which China is hardly investing, and in which East Timor (member of the CPSC) wants to participate.

The maritime dimension of the BRI is very important for Portugal. "Portugal is Ocean", like as many illustrated people use to say. Last years, the Portuguese maritime policy was increased, due to the progressive attention to the maritime resources and also to its climate changes influence.

In this context, Portugal has been emphasizing the role of its EEZ (the third-largest in the EU, with 1,727.408 km²). It can double in the near future if the UN decides to approve the Portuguese application regarding the continental platform extension, totalling then 3,877.408 km².

China has been a prime target of this policy, in the international domain. The ex-Minister of the Sea, Ana Paula Vitorino, has undertaken several initiatives linked to China, as the establishment of the *Blue Partnership* (2018) aimed to put Portugal on the Chinese globalization map. This initiative resulted into the Minister Ana Paula Vitorino to being honoured, by China, with the title *Global Ocean Ambassador* (Oceans World Day, 2018).

At the same time, the *Blue Economy* is a top of priority for the two countries, including the so-called "*blue*" energy, aquaculture, marine mineral resources, biotechnology, *start-ups*, the new maritime economy, environmental oceans protection, maritime sports and leisure activities.

On his first visit to China, the Prime Minister Antonio Costa reaffirmed the Portugal's political will and potential to be the *gateway* of the *BRI*, between Europe, Africa and America (2016). Two years after (2018), the Chinese Minister of Foreign Affairs, Wang Yi, visited Lisbon to prepare the state visit to Portugal of the President Xi Jinping. From this preparation went out the idea that Portugal's accession to the BRI was the most important target of the

state visit's political agenda, through the signature of a MoU. Marcelo Rebelo de Sousa consecrated this event participating in the BRI Forum (Beijing, April 2019).

The political sensitivity of this Chinese initiative has been always present, in Europe, the USA and in all the countries directly involved. It can modify the world balance and also the hierarchy between the great powers. Unlike its unsigned neighbour (Spain), Portugal decided to sign its accession to the BRI, although keeping some public reservations on what is related to the country's official "status" in this initiative: "accession" *versus* "cooperation".

The China's strategy, in Europe, aggregating Eastern European countries in the "1+16 Dialogue" (China *plus* eleven European member-states and five Balkan states - Bosnia, Montenegro, Macedonia and Serbia) to weakening the EU resistances to the BRI, didn't help. In fact, this dialogue overlaps some areas of the EU competences (services, *e-commerce* and development policies). Finally, China decided to schedule these dialogue meetings each two years instead of having one annual meeting.

Reacting to this global Chinese initiative, the European Commission decided to propose the "Europe-Asia Connectivity" project, which intends to dilute China's prominence over other Asian countries. Actually, this project is an indefinite action plan to tie the BRI to the CEE's development strategies. In the last EU-China Summit (Beijing, 2018), both sides agreed to create synergies between the two projects, signing a MoU for creating the China-EU Co-Investment Fund, to further develop synergies between BRI and the "Investment Plan for Europe", the so-called *Juncker's plan*. When operational, this Fund will provide €500 millions, jointly backed by the European Investment Fund and the Silk & Road Fund, to support the equity investments.

Being a full EU member-state and a NATO membership, Portugal became too exposed to its powerful partners (France, Spain, and the USA), because of its accession to the BRI and of its Chinese policy. Some cooling of the Portuguese initial enthusiasm on this matter and its position in defence of the articulation between BRI and the EU interconnectivity mechanisms are having consequences on the bilateral relations with China.

Because of political constraints, the Portugal-China relationship is not only a bilateral matter. It has a larger extent that can oppose blocks and create internal and external resistances.

4 – Macau, a strategic platform for the cooperation between Portugal and China

Macau is a kind of a refuge for Portugal and China, as there is something that numbs the political climate on the bilateral stage. Macau Forum became the most solid framework for the cooperation between Portugal and China that aggregates the cooperation between Portugal, China and the Portuguese-speaking countries, for the sake of their economies, their development and their relationship.

The balance of the Macau transition is a very positive one, so as the progress in the cooperation field with the Portuguese-speaking countries and in different areas of bilateral cooperation. The education field and the promotion of the Portuguese language are on the very top of this cooperation.

There are many cooperation projects to develop in the future, which are of the great importance for the economic and politic robustness of Macau, on which Portugal is involved. The Guangdong Great Bay's project is probably the most important one, with Portugal announcing its interest in cooperating with Macau, through the contribution to the diversification of Macau's economy and the development of such different areas, as tourism, technology and innovation, youth (*start-ups*), professional qualification, and justice. The Guangdong Great Bay's development project is envisaged by Portugal as a very important and comprehensive plan, which seeks a better regional integration, lead by Beijing as using its sovereign power.

During the last Portugal-Macau Joint Commission three agreements were signed on the following areas: Tourism – for the promotion of the professional qualification and the creation of a branch of the Institute for Tourism Professional Qualification (IFT); Education – the recognition of academic degrees; and Justice – fugitives extradition.

This justice agreement was criticized, even in Portugal where the lawyer's corporation invoked unconstitutionality of some articles of this agreement (death penalty). Although these criticisms could have no legal foundation, this agreement was signed at a very critical moment, precisely when mass pro-democracy manifestations were assailing Hong-Kong, where the extradition law detonated violent events and instability. Fears of contagion imposed to all levels of China and Macau's authorities, and also in Portugal, which state that it was very attentive to the Hong-Kong' situation, but refrained from commenting it, preferring to refer to the EU's communiqué.

All political statements being pronounced by Portuguese authorities or by Macau's administration officials always stress the need to reinforce bilateral cooperation. Nevertheless, this cooperation is envisaged within the Portugal-China relationship framework or within the EU-China relation's framework, where Portugal has having an important role to play.

The Macau's Basic Law gave to this Special Administrative Region economic and social conditions that have contributed a lot to its development, even if it is submitted to Beijing's power in external policy and defence.

Since the Macau's administrative handover to China, Macau has experienced a huge economic development, even if its economy still maintains huge dependence of gambling and tourism (the number of visitants will surpass 40 millions, in 2019). The diversification of its economy is thus considered a challenge, on which Portugal is committed to cooperate.

Extremely open and liberal, the Macau's economy presents one of the highest results in the world: the GDP is about USD 50,36 billions, and the GDP rate is of 9,1%. The *per capita* DP is about USD 80.892,82. After the recession period, in 2019, with a growth rate of 2%, it's expected that Macau will register a growth rate of 3%, in 2020.

Being devoted to the Motherland, Macau's authorities defend the improvement of the region's autonomy, always in coordination with Beijing, obeying to a national strategy of the country's unity consolidation and of the "one country, two systems" validation. In this context, the MSAR's new executive chief, Ho Iat Seng stated that Macau would maintain "close relationships" with Portugal, as already defined by China. In these terms, Portugal signifies an important pole for the Macau's internationalization and for the consecration of Macau as a bridge to the *Lusophone* and *Latin* geographic sphere.

In what is specially related to Macau, China's priority is to improve the region's influence as a platform on the relationships with the Portuguese-speaking countries, using its cultural and historical Portuguese legacy. In this context, Forum Macau is of the utmost importance to consolidate these relationships. Beijing's decision for the purchasing of a plot to construct a building especially to Forum Macau's permanent structure is clearly a demonstration of the Macau's important role within this Chinese strategy.

In order to avoid risks of being sent to a "second line" in this strategy, Portugal is making efforts to be present and to have greater visibility, by demonstrating its aptitude to improve a comprehensive agenda on bilateral cooperation fields, according to Macau's development necessities. As a central basis of this cooperation, the Portuguese-language is

still maintains its number one place to emphasize the links with the other *lusophone* partners and to reinforce the relationships with China.

4.1 – “One country, two systems”

As said by Augusto Santos Silva, “Today, there is in Macau a full respect for institutions, for Macau’s citizenship and for commitments made by the two states”. Only one political “nuance” in his statement can be seen as having some suspicions about the future, when he said “...and I hope that we continue to abide by the Basic Law and ensure that this transition process remains exemplary.” This statement seems to contain a political message both for Macau and China, even if the present situation in the territory could have no extension beyond the period contemplated in the Basic Law (50 years).

The Basic Law can be revised after the end of this period (2049), under the proposals of the National Popular Assembly, the State Council and the Macau Special Administrative Region. Although, the Basic Law is exhaustive when it decrees that “the previous way of life” remains unchanged and that the “system and socialist policies will not be applied” to Macau during 50 years.

Portugal respects all the commitments previously agreed with China in the Joint Declaration over Macau, and after trans positioned to the Basic Law (1999). This signifies that, on different legal instruments and political occasions, Portugal recognized, as an imposition to the parties involved, the formula “one country, two systems”, which means that the China’s sovereignty over the territory is recognized, but the “system and socialist policies” will not be applied to Macau.

The Basic Law determines that “Macau is part inalienable of the Popular Republic of China” (meaning “one China”), and certifies, “Fundamental politics that the State applies to Macau are already exposed in the Joint Declaration”, thus referring to the Portugal-China agreement.

In the precepts of this Law, Macau’s administrative authorities are subordinated to the central government and must “take oath of allegiance to the PRC”, although enjoying a “high degree of autonomy”.

According to the Basic Law, Macau is a “separate customs territory”, and it gave extensive economic powers to its administration, which have been useful to “all” China’s

economic needs. This means that the Macau's administrative powers in the economic sphere are in line with the economic interests of China.

As part of this official recognition, Portugal takes the "one country, two systems" formula very seriously, not abdicating from being attentive and committed to following the transition process. In this context, Portugal decided to upgrade its diplomatic representation. The Consul General of Portugal in Macau (and in Hong-Kong) is now an ambassador.

Thenceforth, the Portuguese scrutiny of Macau's situation is done regularly. During his previous mandate as Minister of Foreign Affairs, Santos Silva achieved to realize three joint commissions Portugal-Macau, something unprecedented in the calendar of this bilateral institute.

Until now, all the Portuguese authorities' statements have been in tune about the accomplishment of the established compromises, being conscious that it only functions for a 50-years period and that the Macau's future mostly depends on the political evolution of China's regime and economy.

Portuguese authorities are aware that Macau (as Hong-Kong) is a matter of the internal politics of China, but "it's not in an irreducible basis", because the formula "one country, two systems" stipulates a specific political organization, and civic and individual liberties, that are not the same as in China. The human rights issue are still numbing the confidence in the future and the bilateral relations.

In an interview during his electoral campaign for the new Portuguese parliament, Santos Silva (now Minister of State and of Foreign Affairs, to which he transited) said that China is "a world with two faces: politic and economic". And continued to saying that "Portugal doesn't mix them; likes one of them and doesn't appreciate the other". But as he believes in diplomacy, this one "makes bridges and not ruptures". It's why he also believes that the political dialogue between Portugal and China, and the very old mutual knowledge about each other can solve any problems.

In the present situation, the greater interrelationship between Portugal and China is based on the Portuguese language, an old peaceful dimension of centuries that allows to mix politics and economy, and also consents to place Macau in the core-centre as a strategic platform between China and the Portuguese world speaking.

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