

Anselmo Teng: Macao's role as a platform for economic, trade and financial services

Speech by Mr Anselmo Teng, Chairman of the Monetary Authority of Macao, at the 3rd Ministerial Conference of the Forum for Economic and Trade Cooperation between China and Portuguese Speaking Countries, Macao, 13 November 2010.

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Honourable Ministers,
Dear Guests,
Ladies and Gentlemen,

The Forum for Economic and Trade Cooperation between China and Portuguese speaking countries was established in 2003. The Forum attaches much importance to economic and trade cooperation development. On the other hand, it embodies integration of different culture while members pay respect reciprocally to different trade practices. All through these years, encouraging results have been achieved via the principle of equality, mutual benefit and diversified cooperation displayed by members of the Forum. Today, we are holding the 3rd Ministerial Conference of the Forum. We make use of the opportunity to welcome local entrepreneurs and financiers and their counterparts who have come afar. We gather together to voice out our opinions based on which we shall formulate how to better our cooperation.

Portuguese speaking countries are a market of more than 200 million consumers and endowed with enormous natural resources, which are complementary to the economy of China. In a short span of time of 7 years, the Forum has enabled member countries to develop a brand new relationship. Industry and trade have flourished, visits and communications among members have become more frequent, the Ministerial Conference of the Forum has been regularized. The Forum has promoted interaction in the financial realm and financial institutions of both sides have achieved solid results arising from financial cooperation.

We see harmonious atmosphere, equality and mutual benefit in the Forum, all of which have enhanced development. Integration of east and west cultures and complementary economic development are also being activated rapidly via various vehicles of the Forum. In view of its advantageous geographical location and historical background, Macao has been playing a vital function as the liaison platform for economic and trade cooperation between China and the Portuguese speaking countries. It is a unique city in China when comes to maintaining such special relationship with Portuguese speaking countries. In view of its historical backdrop, its relationship with the Mainland, particularly in the realm of trade and financial connections, and the benign interactions with Portuguese speaking countries, particularly its partnership with financial institutions of these countries, Macao has fully displayed its function as service platform in the middle.

In the financial sector, as the financial regulator, the Monetary Authority of Macao ("AMCM") has concluded MOU (Memorandum of Understanding) with central banks of 6 Portuguese speaking countries, including the one signed with the central bank of Guinea-Bissau today. The documents have enabled us to build up a mechanism whereby communication is systemized; cooperation in the exchange of market information, professional training, experience and technical skill has been made possible. In addition, in helping local financial institutions to explore overseas markets and to seek business partners, AMCM started in 2007 to organize delegations of local financiers to make study tours to Angola, Brazil, Cape Verde, Mozambique and Portugal. More plans of such nature are now in the pipeline. Through all these visits, representatives of the financial sector not only have an up-to-date picture of market development, they have also established connections with the local financial institutions and business communities there. With the support of relevant parties, AMCM organized in 2009 a seminar for central banks of Portuguese speaking countries.

Apart from central bankers of Portuguese speaking countries, commercial attachés of the Peoples Republic of China in Portuguese speaking countries were also invited. The move has injected booster in prompting economic, trade and financial cooperation between China and Lusophone countries.

Economy and finance interact and integrate and have in fact become one entity. All along, the Mainland and Portuguese capital banks have accounted for the lion's share in the Macao market. As regards cooperation in the financial field, some China capital banks have already concluded business cooperation agreements with financial institutions of Lusophone countries. For example, Bank of China Macao Branch has concluded memorandum of intent on remittance with Development Bank of Angola and Mozambique International Bank. In July this year, the Industrial and Commercial Bank of China (Macao) signed overall business cooperation agreements covering remittance, trade finance, international settlement and syndicated loan with Banco Espirito Santo and Commercial Bank of Portugal. In September, Bank of China executed a "Business Cooperation Framework Agreement" with Portugal Investment Bank. The document provides financial support to China enterprises who want to invest overseas. From the solid examples aforementioned, we can perceive that China capital banks are actively seeking cooperation with Portuguese capital banks to explore business opportunity in Portuguese speaking markets. On the other hand, Portuguese capital banks are making use of the strong Mainland banking networks and experience to explore new business opportunity on the Mainland. The cooperation between China and Portuguese capital banks will further enhance the role played by Macao as economic, trade and financial platform between our country and Portuguese speaking countries. All these agreements facilitate financial cooperation and activate trade between the two sides.

To more effectively promote multilateral economic, trade and financial cooperation, we should not miss the fine opportunity available and sturdy foundation laid down. Macao can enlarge its role as economic, trade and financial platform via the following conceptions:

- 1) By making use of its historical, cultural and legal framework connection with Lusophone countries, Macao can actively assist enterprises of the Mainland, particularly the Pan-Pearl River Region, to start business in Lusophone countries. As RMB cross border trade settlement business has been inaugurated, they can strive to settle transactions denominated in RMB.
- 2) AMCM is able to organize financial institutions of the Pan-Pearl River Region to visit Lusophone countries and help them to establish business connections with financial institutions there with a view to rolling out related business with them.
- 3) All along, the Guangdong Province has been dubbed with the reputation of being a "Province of Manufacturers". Now, an overall plan is being implemented to replace conventional industries with more innovative industries. It is prudent to make use of Macao as the platform to channel suitable enterprises to set up manufacturing concerns in Lusophone countries. The move will trigger off a series of multilateral trade transactions. In addition, related financial services can be generated in the course of relocation of the factories.
- 4) In the regulatory realm, channels of co-operation needs to be built up and regulatory system framework needs to be established in order to safeguard cross-border financial activities and flow of funds.

The above are food for further thought.

Finally, I believe that through interaction and endeavour of regulatory authorities, financial sectors and enterprises of member states, we are able to promote sustainable, steady and healthy development in the economic, trade, manufacturing and financial areas. In the face of all these, Macao can make good advancement and be able to enhance its role as platform for economic, trade and financial services.

Thank you!