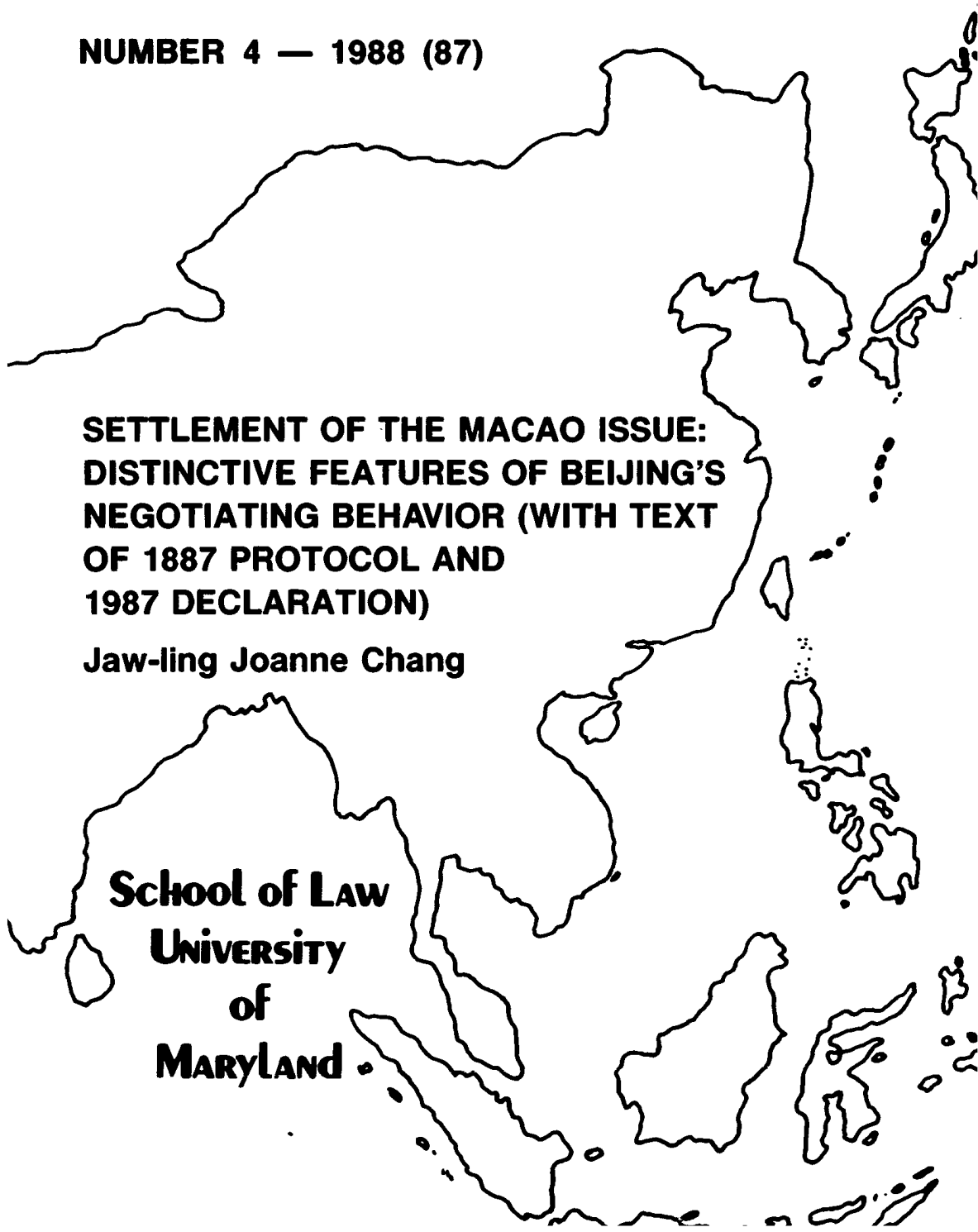


**OCCASIONAL PAPERS/  
REPRINTS SERIES  
IN CONTEMPORARY  
ASIAN STUDIES**

**NUMBER 4 — 1988 (87)**



**SETTLEMENT OF THE MACAO ISSUE:  
DISTINCTIVE FEATURES OF BEIJING'S  
NEGOTIATING BEHAVIOR (WITH TEXT  
OF 1887 PROTOCOL AND  
1987 DECLARATION)**

**Jaw-ling Joanne Chang**

**School of Law  
UNIVERSITY  
of  
MARYLAND**

***Occasional Papers/Reprint Series  
in Contemporary Asian Studies***

---

General Editor: Hungdah Chiu

Executive Editor: Jaw-ling Joanne Chang

Managing Editor: Chih-Yu Wu

**Editorial Advisory Board**

Professor Robert A. Scalapino, University of California  
at Berkeley

Professor Martin Wilbur, Columbia University

Professor Shao-chuan Leng, University of Virginia

Professor James Hsiung, New York University

Dr. Lih-wu Han, Political Science Association of the  
Republic of China

Professor J. S. Prybyla, The Pennsylvania State University

Professor Toshio Sawada, Sophia University, Japan

Professor Gottfried-Karl Kindermann, Center for International  
Politics, University of Munich, Federal Republic of Germany

Professor Choon-ho Park, International Legal Studies  
Korea University, Republic of Korea

All contributions (in English only) and communications should be sent to

Professor Hungdah Chiu, University of Maryland School of Law,

500 West Baltimore Street, Baltimore, Maryland 21201 USA.

All publications in this series reflect only the views of the authors.

While the editor accepts responsibility for the selection of materials to be published,  
the individual author is responsible for statements of facts and expressions of opinion con-  
tained therein.

Subscription is US \$15.00 for 6 issues (regardless of the price of individual issues) in  
the United States and Canada and \$20.00 for overseas. Check should be addressed to  
OPRSCAS.

Price for single copy of this issue: US \$3.00

ISSN 0730-0107  
ISBN 0-942182-90-1

**SETTLEMENT OF THE MACAO ISSUE: DISTINCTIVE  
FEATURES OF BEIJING'S NEGOTIATING BEHAVIOR**

*Jaw-ling Joanne Chang*

**TABLE OF CONTENTS\***

	<i>Page</i>
I. Introduction .....	2 [253]
II. Historical Background .....	4 [255]
III. The Macao Negotiations .....	7 [258]
A. Summary of the Macao Negotiations.....	7 [258]
B. Negotiation on the Transfer Date .....	8 [259]
C. Negotiation on the Nationality Issue .....	12 [263]
IV. Beijing's Negotiating Tactics.....	18 [269]
A. Pre-Negotiation Maneuvers .....	19 [270]
B. Tactics Used During Negotiations .....	22 [273]
C. Post-Negotiation Maneuvers .....	25 [276]
V. Conclusion .....	26 [277]
Appendices .....	27
Protocol Between Portugal and China, Respecting the Relations Between the Two Countries, March 26, 1887 .....	28
Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao, April 13, 1987 .....	29

---

Reprinted from *Case Western Reserve Journal of International Law*, Vol. 20, No. 1 (Winter 1988), pp. 253-278, with the permission of Case Western Reserve Journal of International Law. Original page number of the article appears in brackets.

\* Documents added for publication in this series.

## Settlement of the Macao Issue: Distinctive Features of Beijing's Negotiating Behavior

*Jaw-ling Joanne Chang\**

### I. INTRODUCTION

Almost a quarter of a century ago, in a March 8, 1963 *People's Daily* (Renmin Ribao) editorial the People's Republic of China ("PRC") announced its policy to settle "peacefully through negotiations" the questions of Hong Kong and Macao "when conditions are ripe."<sup>1</sup>

On September 26, 1984, the PRC and the United Kingdom initialed in Beijing the so-called Joint Declaration on the Question of Hong Kong.<sup>2</sup> This agreement was reached after two years of negotiations. It was signed by Britain's Prime Minister Margaret Thatcher and Premier Zhao Ziyang on December 19, 1984 and ratifications were exchanged on May 27, 1985. According to the Joint Declaration, the United Kingdom's sovereignty and jurisdiction over Hong Kong will cease in 1997.<sup>3</sup> Hong Kong will thereupon become a Special Administrative Region of the PRC under article 31 of the PRC Constitution on July 1, 1997.<sup>4</sup> It will enjoy a "high degree of autonomy," except in defense and foreign affairs. The current social and economic systems in Hong Kong will remain unchanged for fifty years after 1997.<sup>5</sup>

On March 26, 1987, the PRC reached a similar agreement with Portugal on the question of Macao.<sup>6</sup> The so-called Joint Declaration on the

---

\* Associate Professor of Political Science, National Taiwan University; Research Associate, Institute of American Culture, Academia Sinica. Presently Visiting Scholar, East Asian Legal Studies Program, University of Maryland School of Law. Ph.D., University of Maryland; M.A., University of Delaware.

<sup>1</sup> J. COHEN & H. CHIU, 1 *PEOPLE'S CHINA AND INTERNATIONAL LAW* 380 (1974).

<sup>2</sup> *Joint Declaration on Hong Kong Initialed*, BEIJING REV., Oct. 1, 1984, at 6.

<sup>3</sup> Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland On the Question of Hong Kong, Dec. 19, 1984, United Kingdom-People's Republic of China 1984 Gr. Brit. T.S. No. 20 (Cmd. 9352) para. 1 [hereinafter *Hong Kong Joint Declaration*], reprinted in 23 I.L.M. 1371 (1984) (within the British White Paper referred to as the Draft Agreement).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* para. 3(12).

<sup>6</sup> *China to Resume Sovereignty Over Macao*, BEIJING REV., Apr. 6, 1987, at 7. For an analysis of the negotiation of the Joint Declaration, see Deng, *Comments and Analysis on the Sino-Portuguese 'Macao Question' Agreement*, ISSUES AND STUD., June 10, 1987, at 31-40; Kuo, *Comments on the Sino-Portuguese Negotiations on the Macao Question*, STUD. IN COMMUNISM, July 15, 1987, at 49-55;

Question of Macao was signed by Portugal's Prime Minister Anibal Cavaco Silva and Zhao Ziyang in Beijing on April 13, 1987. Ratifications of this Joint Declaration were exchanged on January 15, 1988 in Beijing.<sup>7</sup> The PRC will resume its sovereignty over Macao on December 20, 1999.<sup>8</sup> Macao will also become a Special Administrative Region of the PRC, similar to Hong Kong, with a high degree of autonomy, except in defense and foreign affairs. The current social and economic systems in Macao will remain unchanged, as will the freedoms associated with its life style, for fifty years after 1999.<sup>9</sup>

The similarities of the Hong Kong and Macao settlements are apparent, and, accordingly one is strongly tempted to couple them together as woven from the same cloth. While the Hong Kong negotiations and settlement have been accorded substantial scholarly attention,<sup>10</sup> this has not been the case with Macao.

This article closely analyzes the Macao settlement from the perspective of Beijing's negotiating tactics, with peripheral glances at the Hong Kong settlement for comparative purposes. The article discerns, therefore, the distinctive features of the Macao settlement.

Because of the complexity and secrecy involved with the Macao and Hong Kong negotiations, this article emphasizes only the most significant and controversial issues bargained by the PRC with the United Kingdom and Portugal, respectively.

On the Hong Kong question, the most difficult issue between the PRC and United Kingdom was whether Britain could continue her sovereignty and administration of Hong Kong after 1997. In contrast, Lisbon agreed in 1974 that the PRC had sovereignty over Macao.<sup>11</sup> The major disputes, however, were: when should Portugal return Macao to the PRC, and how to resolve the problems associated with the question of nationality.

The United Kingdom in 1984 made concessions on both sovereignty and administration issues.<sup>12</sup> In 1987, Portugal gained more concessions

---

Yu, *An Analysis on the Sino-Portuguese 'Agreement' on Macao*, *STUD. ON CHINESE COMMUNISM MONTHLY*, Apr. 15, 1987, at 71-78.

<sup>7</sup> *People's Daily*, Jan. 16, 1988, at 1.

<sup>8</sup> Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao [hereinafter *Macao Joint Declaration*], Annex I, § I, reprinted in *BEIJING REV.*, Apr. 6, 1987 (special insert).

<sup>9</sup> *Id.* paras. 2-3, Annex I.

<sup>10</sup> For a selected bibliography, see *THE FUTURE OF HONG KONG* 243-54 (H. Chiu, Y.C. Jao & Y.L. Wu eds. 1987).

<sup>11</sup> *Macau*, *ASIA 1987 YEARBOOK* 181 (1987) [hereinafter *Macau '87*].

<sup>12</sup> *Background to the Negotiations Preceding the Sino-British Joint Declaration*, in *THE FUTURE OF HONG KONG*, *supra* note 10, at 197-222 (detailing the Sino-British Negotiations on Hong Kong). See generally F. CHING, *HONG KONG AND CHINA FOR BETTER OR FOR WORSE* (1985) (discussing the Sino-British negotiations on the sovereignty and administration issues).

from the PRC, however, than the United Kingdom had negotiated.<sup>13</sup> The PRC originally wanted to take over Macao and Hong Kong at the same time in 1997.<sup>14</sup> Portugal, on the other hand, did not want to return Macao in 1997.<sup>15</sup> A compromise was reached between Beijing and Lisbon. Macao will be returned to the PRC in 1999.<sup>16</sup> On the question of nationality, the PRC apparently acquiesced to the Portuguese demand of dual nationality.

What are the distinctive features of the Macao settlement? Why did the PRC make more concessions to the Portuguese than to the British? These questions, together with Beijing's negotiating tactics, are the main focus of this study.

## II. HISTORICAL BACKGROUND

As early as 1516, Portuguese traders were using Macao as a stop-over on the voyage to Japan.<sup>17</sup> The right to anchor and trade in the oldest European settlement in East Asia was gained through bribery of local officials by the Portuguese in 1535.<sup>18</sup> Portuguese settlement of Macao was agreed to by the Chinese in 1557,<sup>19</sup> but actual Portuguese Ad-

---

<sup>13</sup> Portugal also gained more protection for the Portuguese descendants in the Sino-Portuguese agreement: "The Macao Special Administrative Region shall protect, according to law, the interests of residents of Portuguese descent in Macao and shall respect their customs and cultural traditions." Macao Joint Declaration, *supra* note 8, Annex I, § V. There is an absence of such a provision in the Sino-British Agreement on the Hong Kong question. In addition, the Sino-Portuguese agreement does not mention the stationing of Chinese military forces. The Sino-British agreement, on the hand, states "Military forces sent by the Central People's Government to be stationed in the Hong Kong Special Administrative Region for the purpose of defence shall not interfere in the internal affairs of the . . . Region." Hong Kong Joint Declaration, *supra* note 3, Annex I, § XIII. For further comparisons, see Leung & Yeung, *How Macau's Pact Differs from Ours*, S. China Morning Post, Mar. 27, 1987, at 7; *Macao Agreement to be Commended*, S. China Morning Post, Mar. 24, 1987, at 14, reprinted in FOREIGN BROADCAST INFORMATION SERVICE, Mar. 24, 1987, at W3 [hereinafter F.B.I.S.]; Lin, *There are Gains and Losses in Sino-Portuguese and Sino-British Agreements*, PAI SHING, Apr. 16, 1987, at 47-48.

<sup>14</sup> Yu, *Macao's Past, Present, and Future*, in SELECTED INFORMATION ON MACAO 1535-1985 12 (1985) (On October 3, 1984, Deng Xiaoping told a delegation from Hong Kong and Macao that "the Macao question, like Hong Kong, will be settled at the same time and with the same formula." Deng's remark drew strong reactions from Macao. Three days later, Deng told Ma Man Kee, chairman of Macao's General Chamber of Commerce and a local deputy of the National People's Congress of the PRC, that "there is no rush for the Macao issue. It may be seven or eight years or even longer before we talk about it. Please have confidence, continue working." On March 30, 1985, Peng Zhen said: "The Macao question [is] like Hong Kong . . . people in Hong Kong and Macao should both be prepared to return to the motherland on July 1, 1997.").

<sup>15</sup> For a further discussion, see *infra* part III.

<sup>16</sup> Macao Joint Declaration, *supra* note 8, para. 3.

<sup>17</sup> BUREAU OF PUB. AFF., U.S. DEP'T OF STATE, BACKGROUND NOTES, MACAO 3 (Oct. 1982).

<sup>18</sup> Huan, *Macao Faces Historical Change*, BEIJING REV., May 26, 1986, at 21.

<sup>19</sup> BUREAU OF PUB. AFF., *supra* note 17, at 3.

ministration over Macao was not recognized until 1849.<sup>20</sup> China refused until 1887 to recognize Portugal's right of "perpetual occupation."<sup>21</sup> This occurred only when Portugal agreed "never to alienate Macao and its dependencies without agreement with China."<sup>22</sup> This Manchu-Portuguese agreement was known as the Protocol of Lisbon.<sup>23</sup>

With the rise in power of the Chinese Communists in 1949, came the retraction of the Protocol of Lisbon. The Chinese stated that the agreement was an "unequal treaty" imposed by foreigners on China and was, therefore, invalid.<sup>24</sup> In 1951, Macao was termed by the Portuguese to be an Overseas Province.<sup>25</sup> Meanwhile, however, the PRC made no attempt to regain Macao. Beijing's position was that "when conditions are ripe," the Macao issue "should be settled peacefully through negotiations and that, pending a settlement, the status quo should be maintained."<sup>26</sup>

Portugal, on the other hand, made two unsuccessful attempts to return Macao to China in 1967 and 1974. In November and December 1966 during the Cultural Revolution, a confrontation between local, militant leftist Chinese elements and the Macao police provoked civil disturbances. From December 1-4, massive demonstrations launched by militant leftists against the Macao government turned into riots. At least eight people were killed, 212 injured, and 61 arrested.<sup>27</sup> Macao's Portuguese Governor, Brigadier Nobre de Carvalho, was reported to have offered to abandon Macao within one month.<sup>28</sup> The PRC was not ready to accept this offer, apparently because it feared acceptance would adversely affect the prosperity of Hong Kong. Moreover, the PRC generated about half of its foreign exchange earnings through its annual trade with Hong Kong and Macao.<sup>29</sup> Any sign of instability, such as a change in sover-

---

<sup>20</sup> *Id.* See also ALMANAC OF MACAU'S ECONOMY 4 (H. Wong ed. 1986).

<sup>21</sup> Macao was ceded in perpetuity to Portugal under art. 2 of the Sino-Portuguese Treaty of Dec. 1, 1887. For the text of the treaty, see 2 TREATIES, CONVENTIONS, ETC., BETWEEN CHINA AND FOREIGN STATES 274-75 (2d ed. 1973).

<sup>22</sup> *Macao*, ASIA 1982 YEARBOOK 191 (1982) [hereinafter *Macao* '82].

<sup>23</sup> BUREAU OF PUB. AFF., *supra* note 17, at 3.

<sup>24</sup> *Id.*

<sup>25</sup> *Macao* '82, *supra* note 22, at 191.

<sup>26</sup> 1 PEOPLE'S CHINA AND INTERNATIONAL LAW: A DOCUMENTARY STUDY, *supra* note 1, at 380.

<sup>27</sup> *Macao*, ASIA 1968 YEARBOOK 230 (1968) [hereinafter *Macao* '68].

<sup>28</sup> *Id.*

<sup>29</sup> *Macao*, ASIA 1975 YEARBOOK 211 (1975) [hereinafter *Macao* '75]. See also *China*, ASIA 1968 YEARBOOK 156 (1968); *China*, ASIA 1969 YEARBOOK 148-49 (1969) (In 1966, China had a favorable trade balance of \$472.04 million. In 1967, because of local riots, Hong Kong's imports from China were substantially down. China's favorable trade balance dropped to \$388.88 million in 1967.). For details of the riots that exploded in Hong Kong in 1967, see *Hong Kong*, ASIA 1968 YEARBOOK 165-66 (1968). For trade figures between Hong Kong and the PRC 1950-1985, see YEARBOOK ON CHINESE COMMUNISM 11-45 (1987).

eigns, would have been immediately felt in Hong Kong. The Chinese feared a flight of capital from the British colony, as later happened during 1967 riots, so the PRC wished to maintain the status quo.<sup>30</sup>

The confrontation was resolved in January 1967. A protocol was signed between the Portuguese officials in Macao and leftist organizations.<sup>31</sup> Indeed, the Portuguese accepted responsibility for the riots, and agreed to pay about H.K.\$2.5 million "compensation."<sup>32</sup> In addition, the Portuguese agreed to eliminate the Kuomintang influence, and to close its border to refugees from the adjacent mainland.<sup>33</sup> As a result of the riots, therefore, Beijing gained a real ability to influence Macao's affairs.<sup>34</sup>

After Portugal's April 25, 1974 revolution, its new socialist government quickly introduced a new constitution which, among other things, abolished Portugal's long-time colonial policy.<sup>35</sup> The new government tried, unsuccessfully, to negotiate returning Macao to China. The 1976 Portuguese constitution states that Macao is not Portuguese territory but is under Portuguese administration.<sup>36</sup> The departure on December 31, 1975 of the 400 year-old symbol of Portuguese military presence, the local garrison, reflected the change in the attitude of the government.<sup>37</sup>

Lisbon unilaterally recognized the PRC on January 6, 1975.<sup>38</sup> The Lisbon government, on February 1, 1979, acknowledged that the Macao issue was interfering with establishment of diplomatic relations.<sup>39</sup> However, Lisbon and Beijing finally normalized relations on February 8, 1979.<sup>40</sup> It was revealed in 1985 that an understanding between Lisbon and Beijing had been reached: Beijing considered Macao's status as an issue to be settled when conditions are ripe, while Portugal considered Macao to be a Chinese territory under Portuguese administration.<sup>41</sup>

During the 1982-84 Sino-British negotiations on the Hong Kong

<sup>30</sup> *Macau* '75, *supra* note 29, at 211.

<sup>31</sup> BUREAU OF PUB. AFF., *supra* note 17, at 3.

<sup>32</sup> *Macao* '68, *supra* note 27, at 230.

<sup>33</sup> *Id.*

<sup>34</sup> *Macao* '75, *supra* note 29, at 211. See also R. ROBINSON, CONTEMPORARY PORTUGAL 105-06 (1979); Cremer, *A Model for Macau?*, ASIAN AFF., Winter 1986-87, at 54.

<sup>35</sup> R. ROBINSON, *supra* note 34, at 224, 257 (stating "[t]he new constitution of the Portuguese Republic was approved by the Constituent Assembly on April 2, 1976.").

<sup>36</sup> Cremer, *supra* note 34, at 45.

<sup>37</sup> *Macau*, ASIA 1977 YEARBOOK 219 (1977).

<sup>38</sup> *Macau*, ASIA 1978 YEARBOOK 236 (1978).

<sup>39</sup> *Macau*, ASIA 1980 YEARBOOK 225 (1980).

<sup>40</sup> *Id.* at 224. See *Sino-Portuguese Positions on the Macao Question*, in SELECTED INFORMATION ON MACAO 1535-1985, *supra* note 14, at 28.

<sup>41</sup> BUREAU OF PUB. AFF., *supra* note 17, at 3. See also *Portuguese President's Press Interview in Macau, May 17, 1985*, [hereinafter *Portuguese President's Press Interview*] in PROBLEMS OF MACAU: COLLECTION OF INFORMATION ON MACAU (2) at 8 (1986).



question, Macao's future also became a subject of speculation. Liao Chengzhi, then Director of the Hong Kong/Macao Office in Beijing, announced in January 1983 that the Macao issue would be dealt with after an agreement with the British was reached over Hong Kong.<sup>42</sup> On June 16, 1981, however, Macao's Governor, Vasco de Almeida e Costa,<sup>43</sup> had insisted that there was a major difference between the Hong Kong and Macao issues. Costa stated that Macao is not a colony, and there is no deadline which would mark the end of Portuguese administration.<sup>44</sup>

After the settlement of the Hong Kong issue in 1984, the PRC showed renewed interest in repossessing Macao. During the first visit by Portuguese President Ramalho Eanes in May 1985, the PRC raised the Macao issue.<sup>45</sup> The significance of the visit was heightened by the release of a joint communique stating that the Macao issue would be negotiated in the near future through diplomatic channels.<sup>46</sup> This announcement put an end to any lingering hopes that the people of Macao might be ignored by the Chinese while Hong Kong prepared to return to the PRC's sovereignty.

In March 1986, PRC Vice Foreign Minister Zhou Nan, the head of the Chinese delegation which negotiated the Hong Kong issue, visited Portugal to attend the inauguration of the newly elected Portuguese President, Mario Soares. Zhou Nan brought up the Macao issue during his Lisbon trip, and both sides agreed to start negotiations in May 1986.<sup>47</sup>

### III. THE MACAO NEGOTIATIONS

#### A. *Summary of the Macao Negotiations*

The first round of talks was held in Beijing on June 30 and July 1, 1986, and the PRC and Portugal reached an agreement on the general agenda for future talks.<sup>48</sup> They also exchanged views on some substantive matters, but informed sources believe the most important exchange resulted in an agreement that the transfer date for Macao would comprise a major issue.<sup>49</sup>

---

<sup>42</sup> *Macau*, ASIA 1984 YEARBOOK 207 (1984) [hereinafter *Macau* '84].

<sup>43</sup> Vasco de Almeida e Costa served as Governor of Macao from 1981-86.

<sup>44</sup> *Macau* '84, *supra* note 42, at 207.

<sup>45</sup> *Portuguese President's Press Interview*, *supra* note 41, at 7.

<sup>46</sup> Huan, *supra* note 18, at 21.

<sup>47</sup> Ho, *What about Macau?*, THE NINETIES, Apr. 1986, at 63.

<sup>48</sup> See *PRC-Portugal to Hold Macao Talks 9-10 September*, Hong Kong Standard, Aug. 21, 1986, at 3, reprinted in F.B.I.S., Aug. 21, 1986, at W1. Zhou Nan was the head of the PRC delegation, while Rui Barbosa Medina, Ambassador to the United Nations, headed the Portuguese delegation. For a complete list of Chinese and Portuguese negotiation delegations, see *Portuguese President's Press Interview*, *supra* note 40, at 4.

<sup>49</sup> Delfs & Lau, *New Talks, Old Talks*, FAR E. ECON. REV., July 10, 1986, at 13.

Both the second round (September 9-10, 1986) and third round (October 21-22, 1986) were also held in Beijing. After the third round, the two sides announced in a joint press communique released on October 22, 1986 an intent to establish a working group for the settlement of the Macao issue.<sup>50</sup>

A working group was formed in Beijing by the delegations of the PRC and Portugal governments on December 8, 1986 to discuss and revise in detail all the proposed draft agreements.<sup>51</sup> Zhao Jihua, a member of the Chinese negotiation team, was the leader of the PRC working group, while the Portuguese group leader was Joao de Deus Ramos, member of the Portuguese negotiation team.

Zhou Nan visited Lisbon on November 17-22, 1986 but no agreement had been reached on the issue of the transfer date.<sup>52</sup> It was not until January 1987 that Portugal finally agreed to return Macao to the PRC prior to the year 2000.<sup>53</sup> The last round of talks was held in Beijing March 18-23, 1987 and agreement on the Macao issue was finally reached.<sup>54</sup>

### *B. Negotiation on the Transfer Date*

The PRC originally wanted to take over both Macao and Hong Kong at the same time in 1997.<sup>55</sup> Portugal, on the other hand, did not want to return Macao in 1997. Inasmuch as Portugal had previously tried twice, without success, to return Macao to the PRC, one may wonder why Portugal now preferred to keep Macao beyond 2000. There were several reasons. First, Portugal believed that, unlike the return of Hong Kong, there was no deadline for the Portuguese government to turn over Macao. Portugal maintained that Macao was not a colony, rather it was a territory under Portuguese administration.<sup>56</sup> This constituted a great difference between the Hong Kong and Macao issues.

Second, Portugal did not want to return Macao to the PRC without careful planning. In the mid-1970s, Portugal's decolonization efforts were marked by bloodshed and humiliation, leaving behind over a half

---

<sup>50</sup> *PRC-Portugal Group Discusses Macao Issue*, reprinted in F.B.I.S., Dec. 9, 1986, at W2.

<sup>51</sup> *Id.*

<sup>52</sup> *PRC, Portugal Disagree on Date For Macao's Return* (Hong Kong AFP, Dec. 30, 1986), reprinted in F.B.I.S. Dec. 30, 1986, at W1.

<sup>53</sup> *Administration to Revert to PRC Before 2000* (Hong Kong AFP, Jan. 7, 1987), reprinted in F.B.I.S., Jan. 7, 1987, at W1.

<sup>54</sup> *Press Communique* (Xinhua News Agency, Mar. 23, 1987), reprinted in F.B.I.S., Mar. 23, 1987, at W2.

<sup>55</sup> Yu, *supra* note 14, at 12.

<sup>56</sup> *Macao Governor Cited on Relationship with China*, Hong Kong Standard, Dec. 29, 1982, at 16, reprinted in F.B.I.S., Dec. 29, 1982, at W2; Beasant, *Beijing Meeting Held To Discuss Macao Turnover*, S. China Morning Post, Jan. 19, 1987, at 3, reprinted in F.B.I.S., Jan. 23, 1987, at W1.

million embittered and destitute colonial refugees.<sup>57</sup> (Table 1) Portugal did not want to see a repeat of history in the case of Macao. In September 1986, Macao's Secretary for Economics, Finance and Tourism, Carlos Monjardino, publicly acknowledged that Portugal had not done much in the past 400-odd years in Macao.<sup>58</sup> But now, he said, Portugal had plans for several development projects such as construction of an airport, a deep-sea port and a second bridge linking the Macao mainland with Taipa Island.<sup>59</sup>

Table 1 - Portuguese Overseas Territories and Date of Loss

<u>Territory</u>	<u>Area (in square miles)</u>	<u>Date Lost to Portugal</u>
Asia		
State of India	1,537	December 1961
Macao	6	December 1999
Timor	5,736	December 1975
Africa		
Guiné	13,948	September 1974
Cape Verde Islands	1,557	July 1975
São Tomé e Príncipe	372	July 1975
Angola	481,351	November 1975
Mozambique	303,070	July 1975

Source: R. ROBINSON, *CONTEMPORARY PORTUGAL* 95 (1979).

Third, Portugal thought it would take a long time to localize the civil service in Macao. Portuguese is Macao's official language, and all its laws, decrees and documents are written in Portuguese. Very few Macanese Chinese speak Portuguese. According to one report, there are only seventy-six government employees who know both Portuguese and Chinese—less than one percent of the total government employees.<sup>60</sup> While the Macanese—those of mixed Portuguese and Chinese blood (about 5-10,000)—are in a minority, they hold 90% of the local government jobs.<sup>61</sup> The Macanese have traditionally acted as middlemen between the majority Cantonese-speaking Chinese population and the minority Portuguese rulers. Senior posts in the government, including the judiciary and the police, are also held by non-Chinese.<sup>62</sup> The prospect of localizing the civil service, in keeping with the PRC's slogan

<sup>57</sup> R. ROBINSON, *supra* note 34, at 223.

<sup>58</sup> *Macau '87*, *supra* note 11, at 182.

<sup>59</sup> *Id.*

<sup>60</sup> Hsiung, *What Kind of Problems Will Macao Face During the Transitional Period?*, *MING PAO MONTHLY*, Apr. 1987, at 29. See also *ALMANAC OF MACAO'S ECONOMY*, *supra* note 20, at 40-41.

<sup>61</sup> Misquitta, *Macao*, in *ASIA AND PACIFIC REVIEW* 1986, at 149 (1986).

<sup>62</sup> *Id.*; Hsiung, *supra* note 60, at 28.

“Macao run by Macao people,” will thus be very difficult. Hence, Portugal thought it would be better to return Macao to the PRC after 2000 in order to gain more time to develop a local administration.

Besides the aforementioned reasons, there was another practical and very important economic consideration. Portugal believed that it would benefit financially if Macao were not returned to the PRC right after the PRC takeover of Hong Kong. Apprehensive Hong Kong businessmen might transfer capital and investments from Hong Kong to Macao if the Portuguese were to keep Macao for decades after 1997.<sup>63</sup>

The PRC, on the other hand, had two main rationales for wanting to recover sovereignty over Macao and Hong Kong at the same time in 1997. First, Beijing did not want to regain Macao before 1997 for fear of jeopardizing the stability and prosperity of Hong Kong. Secondly, Beijing was anxious to settle the Hong Kong and Macao issues simultaneously in order to set the stage for its main objective—reunification of Taiwan with mainland China.<sup>64</sup> Beijing wanted to use the Hong Kong and Macao models under the principle of “one country, two systems” as good examples for incorporation of Taiwan into the PRC.<sup>65</sup>

The first three rounds of negotiations between Lisbon and Beijing were deadlocked over the question of the date for transfer of Macao. Eleven days before the third round of talks, Dr. Joaquim Pinto Machado, Governor of Macao, stated in a radio broadcast that “it is completely impossible to coincide the date when Macao will return to China with the one chosen for Hong Kong. . . . Macao does not have the dimension and development of Hong Kong . . . . It will be a problem much more complex.”<sup>66</sup>

The Portuguese continued to be well aware that Lisbon’s best card in the talks was the prosperity and stability of Hong Kong, which the PRC risked jeopardizing if Portugal pulled out of Macao prematurely. Macao officials had threatened to use the unilateral pullout card twice. In August 1985, Governor Vasco de Almeida e Costa asserted that the PRC had spoken too much about taking back Macao at the same time as Hong Kong in 1997. “Must we go to the negotiating table to take the Chinese orders because China is such a powerful country?” asked Costa. “Maybe we cannot wait for 12 years. We can leave within one or two years,” Costa warned.<sup>67</sup> After the second round of talks in September 1986, Secretary for Economics, Finance and Tourism Carlos Monjardino

---

<sup>63</sup> Reaves, *China Sets its Sights on Taking Taiwan*, Chicago Tribune, Mar. 31, 1987, at 6.

<sup>64</sup> *Id.*

<sup>65</sup> See *Beijing Sets the Stage for the Main Event*, S. China Morning Post, Mar. 27, 1987, at 22.

<sup>66</sup> *Governor Says 1997 Return to PRC ‘Impossible’* (Hong Kong AFP, Oct. 10, 1986), reprinted in F.B.I.S., Oct. 10, 1986, at W4.

<sup>67</sup> Lau, *A Portuguese Farewell*, FAR E. ECON. REV., Aug. 22, 1985, at 16. See also *Macau ’87*, *supra* note 11, at 182.

made the same threat: "We will withdraw [from Macau] early if we are not happy about the way things go. We have nothing to lose and we don't want to lose face."<sup>68</sup> The Portuguese view was that the problems of returning Macao to the PRC were "completely different" from that of Hong Kong and therefore the issues should be kept separate.<sup>69</sup>

Zhou Nan, the PRC's Vice-Foreign Minister and chief of its negotiation team, visited Lisbon on November 17-22, 1986. Portugal insisted that Zhou make this visit in order for its highest authorities to convey Portugal's message to the PRC on the question of the transfer date as well as the nationality issue.<sup>70</sup> No agreement was reached, however, during Zhou's visit. Beijing realized, nevertheless, Lisbon's sensitivity toward these two issues. A compromise solution was offered by the PRC at the end of November 1986.<sup>71</sup> Ma Man Kee, chairman of Macao's General Chamber of Commerce and a local representative of the National People's Congress (NPC)<sup>72</sup> of the PRC, stated on November 30, 1986 that the handover of Macao "will not be later than the year 2000, probably between 1997 . . . and the end of the century."<sup>73</sup> On December 9, 1986 Ma again indicated that the PRC was determined to reach its reunification objectives concerning Hong Kong and Macao by the end of the century.<sup>74</sup>

The Portuguese were not ready, however, to accept Beijing's timetable. Antonio Barreto, a socialist deputy in the Portuguese Parliament and a close advisor to President Mario Soares, said in a December 29, 1986 interview that a unilateral declaration of 2007 or 2017 as the date of return was possible.<sup>75</sup> His remarks, broadcast by Macao's radio and television stations, drew strong reaction from the PRC. On December 31, 1986 the PRC Foreign Ministry said that "it is the unshakable and firm stand and the firm desire of the Chinese government and the 1 billion Chinese people, including our compatriots in Macao, to recover Macao

---

<sup>68</sup> *Macau '87*, *supra* note 11, at 182.

<sup>69</sup> *Id.*

<sup>70</sup> *Macao, PRC Dispute Status of Ethnic Chinese*, *Sunday Standard*, Nov. 30, 1986, at 1, reprinted in F.B.I.S., Dec. 4, 1986, at W8.

<sup>71</sup> *Macao-PRC Draft Agreement Expected by February* (Hong Kong AFP, Nov. 30, 1986), reprinted in F.B.I.S., Dec. 4, 1986, at W7.

<sup>72</sup> The National People's Congress is the "highest organ of state under the leadership of the [Chinese Communist Party] CCP and the only organ exercising the legislative power of the state." COMPREHENSIVE GLOSSARY OF CHINESE COMMUNIST TERMINOLOGY 83 (Kuo ed. 1978).

<sup>73</sup> *Macao-PRC Draft Agreement Expected by February*, *supra* note 71, at W7.

<sup>74</sup> *Macao Businessmen on Sino-Portuguese Talks*, *Zhongguo Tongxun She*, Dec. 9, 1986, reprinted in F.B.I.S., Dec. 10, 1986, at W1.

<sup>75</sup> *PRC, Portugal Disagree on Date For Macao's Return*, *supra* note 52, at W1; Borralho, *Beijing Reacts to Barreto's Remarks on Transfer*, *Hong Kong Standard*, Jan. 1, 1987, at 1, reprinted in F.B.I.S., Jan. 6, 1987, at W1.

before the year 2000.”<sup>76</sup> The PRC stated that any proposal to return Macao subsequent to that year cannot be accepted.<sup>77</sup>

Portugal finally was convinced that Beijing would not make any further concession on the transfer date question. In early January 1987, Portugal’s State Council, an advisory body, met for four hours to discuss the future of Macao.<sup>78</sup> President Soares and Prime Minister Cacaco Silva presented full reports on negotiations with the PRC. It was reported on January 7, 1987 that Portuguese authorities concluded that the transfer of Macao by the year 2000 was unavoidable, but the exact date was not selected.<sup>79</sup>

Once Portugal decided to return Macao prior to 2000, negotiations between Beijing and Lisbon again gained momentum. During the fourth round of talks in March 1987, both sides agreed that December 20, 1999 would be the date to transfer Macao to the PRC. It was reported that initially both sides selected December 31, 1999 as the transfer date. But later the PRC was afraid that should anything go wrong on December 31, a holiday, the PRC would not realize its goal of settling both the Hong Kong and Macao issues before the end of the century. So, an earlier date, December 20, 1999, was chosen instead.<sup>80</sup>

### C. *Negotiation on the Nationality Issue*

The second difficult issue during the Macao negotiations was the nationality question. Portugal allows dual nationality making any holder of a Portuguese passport a national.<sup>81</sup> According to the PRC Nationality Law, however, no Chinese nationals are permitted to hold dual nationality.<sup>82</sup> There are approximately 100,000 ethnic Chinese in Macao holding Portuguese passports—about one-fifth of Macao’s population.<sup>83</sup> Moreover, unlike the United Kingdom, Portugal has only one type of nationality which grants the right of entry and abode in Portugal and also provides consular services and protection. In 1981, the United Kingdom

---

<sup>76</sup> Borralho, *supra* note 75, at W1.

<sup>77</sup> *Id.*

<sup>78</sup> *Administration To Revert To PRC Before 2000* (Hong Kong AFP, Jan. 7, 1987), reprinted in F.B.I.S., Jan. 7, 1987, at W1.

<sup>79</sup> *PRC Threat 'to Annex' Macao* (Hong Kong AFP, Jan. 9, 1987), reprinted in F.B.I.S., Jan. 12, 1987, at W2.

<sup>80</sup> Ming Pao, Mar. 24, 1987, at 2.

<sup>81</sup> Lin, *Nationality Issue Troubles Macanese Portuguese*, Pai Shing, July 16, 1985, at 51 (citing the 1981 new Nationality Law of Portugal (art. 27) which allows dual or multi nationalities).

<sup>82</sup> Nationality Law of the People’s Republic of China, arts. 3,8, reprinted in COMPILATION OF LAWS OF THE PEOPLE’S REPUBLIC OF CHINA, 1979-1984 at 200-01 (1985).

<sup>83</sup> *Administration to Revert to PRC Before 2000*, *supra* note 78, at W1; see also Misquitta, *supra* note 61, at 149; *Portugal Seeks Concessions in Macao Talks* (Hong Kong AFP, Mar. 19, 1987), reprinted in F.B.I.S., Mar. 19, 1987, at W4.



the PRC.<sup>89</sup>

Because the United Kingdom will not allow Hong Kong residents who hold British passports to continue to have the right of entry and abode after 1997, there is no dual nationality problem. The PRC has shown great flexibility in allowing the use of travel documents outside of Hong Kong and the PRC. As a result, no major confrontation has taken place between London and Beijing on the question of nationality.

The Macao situation, however, was different in that Portugal was not willing to make the sort of arrangement the British did in its 1981 Nationality Act, nor was Portugal prepared to create another type of nationality to solve the problems in Macao.<sup>90</sup> Politically, it would have hurt the Portuguese government to change the status of nationals holding Portuguese passports. Portugal has had a policy of accepting refugees from former colonies as nationals, and these nationals would become suspicious if the status of passport holders with similar colonial backgrounds were to lose some of their rights.<sup>91</sup> Additionally, Portuguese negotiators were not able to make such a concession even if they had so wished since parliamentary approval is required to change the nationality laws.<sup>92</sup> That approval was not likely to be forthcoming, as the government feared instability would be created by any changes in their nationality laws. This was one of the reasons why the Portuguese invited Zhou Nan to Lisbon in November 1986.<sup>93</sup> According to reliable sources from Portugal, President Soares and Prime Minister Silva wanted to explain the domestic difficulties to the PRC chief negotiator in person.<sup>94</sup>

One of the Portuguese objectives during the negotiations was to preserve Portugal's national dignity.<sup>95</sup> By allowing its citizens and their descendants the right of abode in Portugal and consular protection as any other Portuguese nationals, Lisbon's international image would thus be strengthened.<sup>96</sup> Portugal is not prepared, however, to accommodate a possible flood of refugees into Portugal from Macao.<sup>97</sup> It was important, therefore, for the Portuguese to reach an agreement with the PRC to

---

<sup>89</sup> *Id.*

<sup>90</sup> *Macao, PRC Dispute Status of Ethnic Chinese, supra note 70, at W8.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

<sup>95</sup> *Macao Residents' Concerns* (Lisbon Domestic Service, Mar. 20, 1987), reprinted in F.B.I.S., Mar. 23, 1987, at W4.

<sup>96</sup> Lin, *Macao Has Problems Which Remain to be Resolved*, PAI SHING, Mar. 16, 1987, at 38.

<sup>97</sup> *Portuguese President's Press Interview, supra note 41, at 7* (on May 23, 1985, President Eanes stated in an interview in Beijing that the "Portuguese government does not foresee a large scale of immigrants (from Macao to Portugal). At the beginning of the changing of administration, of course, this may be a problem, but I do not believe there will be many Macao-born Chinese who are



maintain the status quo in Macao, while preserving the rights of Portuguese citizens in Macao.

After Portugal made the concession in January 1987 to return Macao before the year 2000, the nationality problem became the only remaining issue requiring extensive negotiation between Beijing and Lisbon. The fourth round of talks between Lisbon and Beijing began March 18, 1987. Portugal reiterated its position with respect to dual nationality during the talks.<sup>98</sup> The PRC, on the other hand, demanded one citizenship—Chinese—for the inhabitants of Macao.<sup>99</sup> It was reported that at one point Portuguese negotiators threatened to walk out unless an agreement to their satisfaction was reached.<sup>100</sup> A compromise solution was finally worked out on March 23, 1987.<sup>101</sup>

Because of the radically different positions held by Lisbon and Beijing on the question of nationality, two separate memoranda were issued, as in the Sino-British accord. The PRC side declared:

The inhabitants in Macao who come under the provisions of the Nationality Law of the People's Republic of China, whether they are holders of the Portuguese travel or identity documents or not, have Chinese citizenship. Taking account of the historical background of Macao and its realities, the competent authorities of the Government of the People's Republic of China will permit Chinese nationals in Macao previously holding Portuguese travel documents to continue to use these documents for travelling to other states and regions after the establishment of the Macao Special Administrative Region. The above-mentioned Chinese nationals will not be entitled to Portuguese consular protection in the Macao Special Administrative Region and other parts of the People's Republic of China.<sup>102</sup>

Portugal declared its position in its Memorandum on the question of nationality and passports, as follows: "In conformity with the Portuguese legislation, the inhabitants in Macao who, having Portuguese citizenship, are holders of a Portuguese passport on December 19, 1999 may continue to use it after this date. No person may acquire Portuguese citizenship as from December 20, 1999 by virtue of his or her connection with Macao."<sup>103</sup>

---

willing to immigrate to Portugal."). See also *Administration to Revert to PRC Before 2000*, *supra* note 78, at W1.

<sup>98</sup> *Portugal Seeks Concessions in Macao Talks* (Hong Kong AFP, Mar. 19, 1987), reprinted in F.B.I.S., Mar. 19, 1987, at W4.

<sup>99</sup> *Id.*

<sup>100</sup> Center Daily News, Mar. 23, 1987, at 1.

<sup>101</sup> *Press Communique*, *supra* note 54, at W2; *Macao Agreement to be Commended*, *supra* note 13, at W3.

<sup>102</sup> Macao Joint Declaration, *supra* note 8, Exchange of Memoranda, Chinese Memoranda.

<sup>103</sup> *Id.* Portuguese Memoranda.

Although the PRC will only recognize Chinese passports after Macao returns to the PRC on December 20, 1999, Beijing will not strip Macao residents of their Chinese nationality if they are holding Portuguese passports.<sup>104</sup> Portugal gained more concessions on the nationality issue than the British had gained. A primary reason for these concessions was that Beijing was more anxious than Lisbon to reach an agreement on Macao. Studies have shown that subjects facing a high degree of pressure to reach agreement have had a higher concession rate and have reached agreement more often than those subjects facing a low degree of pressure to reach agreement.<sup>105</sup> Beijing was under pressure to conclude the Macao agreement for the following reasons.

### 1. Domestic Instability in the PRC

In January 1987, General Secretary Hu Yaobang resigned from his post following a series of student demonstrations for greater political freedom. Hu's forced resignation marked renewed party infighting between conservatives and moderate reformers. Premier Zhao Ziyang became acting party leader in January 1987.<sup>106</sup>

PRC leaders had hoped to conclude the Macao settlement within a short period of time since this would indicate that their policies worked and that they could provide strong leadership. A few days before the first round of talks, Zhou Nan optimistically announced his belief that resolution of the Macao issue would be accomplished with more speed and cooperation than the Sino-British negotiations on the Hong Kong issue.<sup>107</sup> In November 1986, Beijing was hoping to reach an agreement with Lisbon before January 1, 1987, or at the latest in February 1987 to coincide with the celebration of the 8th anniversary of Sino-Portuguese normalization of relations.<sup>108</sup>

If an agreement was reached, according to the PRC Constitution, it would have to be endorsed by the NPC,<sup>109</sup> which was scheduled to hold its fifth session in March 1987. The PRC leaders apparently were anxious to submit the Macao accord at this meeting, because a joint declaration based on the "one country, two systems" principle would have greatly strengthened Deng Xiaoping's leadership position. It is clear that

<sup>104</sup> *Macao Agreement to be Commended*, *supra* note 13, at W3.

<sup>105</sup> Hamner, *Effects of Bargaining Strategy and Pressure to Reach Agreement in a Stalemated Negotiation*, 30 J. OF PERSONALITY & SOC. PSYCHOLOGY 464 (1974).

<sup>106</sup> Southerland, *Chinese Leaders Gather to Map National Strategy*, Wash. Post, Aug. 8, 1987, at A24.

<sup>107</sup> Qi, *Sino-Portuguese Talks in Prospect*, Zhongguo Tongxun She, June 25, 1986, reprinted in F.B.I.S., June 26, 1986, at W5.

<sup>108</sup> Lin, *Are Sino-Portuguese Negotiations on the Macao Issue Mutually Willing?*, PAI SHING, Apr. 1, 1987, at 13.

<sup>109</sup> XIANFA (Constitution) art. 62 (People's Republic of China).

the Portuguese understood very well the domestic political struggle in the PRC. "Zhao Ziyang needs an agreement and we are using that to get last-minute concessions," informed Portuguese sources said.<sup>110</sup> Zhao Ziyang sought to use a joint declaration as proof to the NPC that the PRC's open-door policy was successful and Portugal took advantage of that fact.<sup>111</sup>

## 2. Domestic Instability in Portugal

Besides their own domestic political considerations, PRC leaders also considered the potentially unstable domestic politics in Portugal when they made decisions on the Macao issue. One source of instability is the diffusion of power between the prime minister and the president. According to the 1976 Portuguese Constitution, it is the prime minister and cabinet that conducts internal and external affairs, except in cases where constitutionally the parliament must intervene. The president has no executive powers.<sup>112</sup> Practice has been otherwise, however, and this heightens the instability.<sup>113</sup>

A second source of instability is illustrated by the fact that during the last fourteen years, there have been sixteen changes in government.<sup>114</sup> One government lasted only sixteen days.<sup>115</sup> There are four major parties in Portugal, plus a number of smaller parties.<sup>116</sup> The structure of the electoral system makes it difficult to obtain an absolute majority.<sup>117</sup> No party had managed to gain a clear electoral majority before July 1987.<sup>118</sup> Consequently, no prime minister was able to function with any solid parliamentary support. Portugal has been governed by coalition or minority governments for many years with a turnover in government every eleven months on the average.<sup>119</sup> This turnover in leadership placed pressure on the PRC to quickly conclude any negotiations with Portugal before a new government stepped in and the process had to begin over again.

It was no surprise, then, that Zhou Nan raised the Macao issue with newly elected President Mario Soares during his visit to Lisbon in March 1986. It was not until the end of June, however, that negotiations began.

---

<sup>110</sup> *Portugal Seeks Concessions in Macao Talks*, *supra* note 98, at W4.

<sup>111</sup> *Id.*

<sup>112</sup> Balsemao, *The Constitution and Politics*, in *PORTUGAL IN THE 1980's* 204 (K. Maxwell ed. 1986).

<sup>113</sup> *Id.*

<sup>114</sup> Wise, *New Premier Vows 'Great Struggle' in Portugal*, *Wash. Post*, Aug. 18, 1987, at A9.

<sup>115</sup> *Macau*, *ASIA 1979 YEARBOOK* 232 (1979).

<sup>116</sup> Maxwell, *At the Crossroads*, in *PORTUGAL IN THE 1980's*, *supra* note 112, at 6. The four major parties in Portugal are the Socialist Party, the Social Democratic Party, the Communist Party and the Social Democratic Center Party.

<sup>117</sup> Balsemao, *supra* note 112, at 203.

<sup>118</sup> Wise, *supra* note 114, at A9.

<sup>119</sup> Balsemao, *supra* note 112, at 203, 228.

Throughout the talks, the PRC had been anxious to bring a quick end to the Macao question. Portugal, on the other hand, saw no reason to rush an agreement.<sup>120</sup> Because of domestic constraints, Portugal would have preferred no agreement to a bad agreement. For the same reason, Beijing would have preferred to conclude the Macao negotiation as soon as possible for fear that further delay might cause complications occasioned by the Portuguese political instability.<sup>121</sup> Under these circumstances, Lisbon gained more bargaining leverage vis-à-vis Beijing.

Beijing's concern was not ill-founded. Prime Minister Silva's government fell on April 3, 1987 when Parliament passed a vote of no confidence against his government by a slim margin. Accordingly, when Silva went to the PRC to sign the Joint Declaration, he was a "lame duck" prime minister. Silva was, nevertheless, very well treated by the PRC leaders during his stay. Beijing had hoped the Portuguese Parliament could approve the Sino-Portuguese agreement on Macao before it adjourned on June 15, 1987, but this turned out to be wishful thinking. On April 11, 1987, the Fifth Session of the Sixth NPC delegated the authority to review and approve the Joint Declaration on Macao to the NPC Standing Committee.<sup>122</sup> The standing committee ended its 21st meeting on June 23, 1987 by approving the Joint Declaration.

Meanwhile, in Portugal Anibal Cavaco Silva's Social Democratic Party won a landslide electoral victory on July 19, 1987 by winning 50% of the vote and 148 of the 250 seats in the National assembly—Portugal's first majority government with the greatest assurance of completing a four-year term since 1974.<sup>123</sup> The Joint Declaration was ratified by the Parliament on December 11, 1987.<sup>124</sup>

#### IV. BEIJING'S NEGOTIATING TACTICS

The conventional perception of the process of negotiating is rather simplistic: the parties involved sit at a bargaining table and exchange promises, commitments, bluffs, threats, warnings, rewards, proposals, and counterproposals through which they will either resolve their differences and reach an agreement or abort the negotiations.<sup>125</sup> The negotiating process in reality, however, is much more complex. Formal bargaining at the negotiating table is only a part of the process. Propa-

---

<sup>120</sup> Long, *Will the Macao Question Soon Be Settled?*, THE NINETIES, Jan. 1984, at 39.

<sup>121</sup> Lin, *Zhou Nan's Trip to Portugal Did Not Bring Expected Effects*, PAI SHING, Dec. 16, 1986, at 36.

<sup>122</sup> People's Daily, Apr. 12, 1987, at 1.

<sup>123</sup> Wise, *supra* note 114, at A9.

<sup>124</sup> Lin, *Portuguese Parliament Approved the Sino-Portuguese Joint Declaration*, PAI SHING, Jan. 1, 1988, at 38.

<sup>125</sup> Colosi, *A Model for Negotiation and Mediation*, in INTERNATIONAL NEGOTIATION 16 (D. Bendahmane & J. McDonald, Jr. eds. 1984).

ganda, maneuvers of public opinion, mass media, informal exchanges of ideas, for example, are also important parts of the negotiating process.

During the Macao negotiations, Beijing has used the following tactics to strengthen its bargaining leverage vis-à-vis Lisbon.

#### A. *Pre-Negotiation Maneuvers*

How to set the stage and the rules of the game for formal negotiations is, perhaps, as important as negotiating itself. Before the formal negotiations began on the Macao issue in June 1986, the PRC had repeatedly stated its "non-negotiable" demands with respect to the transfer date (first in 1997, then, before 2000) and the nationality issue in order to persuade the Portuguese of the firmness of the Chinese "bottom line."

##### 1. Nonnegotiable Demands

Postulation of nonnegotiable demands as a negotiating tactic has been used very frequently by the PRC.<sup>126</sup> In order to establish an agenda favorable to its objectives, the PRC would seek to establish its "nonnegotiable conditions" at the outset of a negotiation through leaks, formal statements by officials, or by less formal channels. On the Hong Kong question, PRC officials have successfully used the tactic of pre-negotiation disclosure of the PRC's nonnegotiable demands in order to gain favorable negotiating leverage with the British.

British Prime Minister Margaret Thatcher visited the PRC on September 22-25, 1982. Before Premier Zhao Ziyang's scheduled meeting with Mrs. Thatcher, he disclosed the PRC position to reporters, as follows: "Of course China will recover sovereignty over Hong Kong. But I think the question of sovereignty will not influence Hong Kong's prosperity and stability."<sup>127</sup> The public disclosure of what would later be offered in private was meant to convey the steadfastness of the PRC's position.<sup>128</sup> Deng Xiaoping was reported to have told Mrs. Thatcher that Chinese sovereignty over Hong Kong was not open for negotiation. The Chinese would not accede to anything less than the removal of the British flag and the British governor.<sup>129</sup>

Beijing used the same tactic on the Macao issue in 1986. Why does the PRC use the tactic of postulating "non-negotiable" demands prior to negotiation? Chester L. Karrass has made the following observation regarding nonnegotiable demands:

---

<sup>126</sup> See, e.g., Solomon, *Friendship and Obligation in Chinese Negotiating Styles*, in NATIONAL NEGOTIATING STYLES 4-8 (H. Binnendijk ed. 1987); L. PYE, CHINESE COMMERCIAL NEGOTIATING STYLE x-xi, 20-23, 72-73, 95 (1982).

<sup>127</sup> F. CHING, *supra* note 12, at 11.

<sup>128</sup> *Id.*

<sup>129</sup> *Id.*

Nonnegotiable demands are demands so extreme that compromise appears virtually impossible. At stake are deep-rooted values

... .  
The strange thing about nonnegotiable demands is that they can help a negotiator rally his own people at the same time that he diffuses the opposition. By making extreme demands a negotiator can demonstrate his conviction. . . .

Non-negotiable demands lower the expectations of an opponent. They make him more willing to compromise somewhere rather than risk so serious a confrontation of values.<sup>130</sup>

It is clear that establishing nonnegotiable demands is part of the PRC's bargaining style. The United Kingdom finally yielded on the issues of sovereignty and administrative rights of Hong Kong. Portugal also gave in and agreed to return Macao to the PRC before the year 2000. The PRC, however, compromised with Portugal on the nationality issue. Accordingly, Richard H. Solomon has commented: "when Chinese officials want to reach a specific agreement they will set aside their stress on principle and reach a concrete understanding that in fact may have little relation to—or may even seem to contravene—the principles they stressed early in the negotiation."<sup>131</sup>

## 2. United Front Campaign

To the Chinese Communists, the so-called united front strategy "means forming an alliance with all the forces that can be 'united,' organizing them into a camp of 'uniformity,' and then employing all possible means of struggle against the enemy."<sup>132</sup> Beijing has taken the following measures to drive a wedge through the opposition:

### a. Enlarging Macao's Representatives in the PRC

In February 1983, during the Hong Kong negotiations, Beijing enlarged the representation of Hong Kong and Macao residents by 140 members in its legislative organ, the NPC, and its corollary, the Chinese People's Political Consultative Conference (which while providing consultative services, carries no real power).<sup>133</sup> In addition, the PRC also enlarged the number of seats for Macao "compatriots" in the Guangdong Provincial People's Congress by adding five appointees and also in the Guangdong Political Consultative Conference where four seats were added. These new members differed from their established

---

<sup>130</sup> C. KARRASS, *GIVE AND TAKE* 127 (1984).

<sup>131</sup> Solomon, *supra* note 126, at 4.

<sup>132</sup> Wu, *Can the Hong Kong Settlement Serve As A Model For Taiwan?*, in *THE FUTURE OF HONG KONG*, *supra* note 10, at 157.

<sup>133</sup> F. CHING, *supra* note 12, at 13.

counterparts. They were younger (aged 30-50) and came from a wider cross-section of the pro-PRC Macao community, including heads of sporting associations, trade unions, as well as school principals.<sup>134</sup> They were not public figures, but Beijing resorted to its united front strategy of isolating the primary antagonists by uniting them with as many other people as possible.<sup>135</sup>

The PRC also received delegations of all types from Macao and sent representatives to visit Macao. Guangdong Governor Liang Lingguang visited Macao in August 1983. In July 1983 and February 1987, Xu Jiatun, director of the Xinhua news agency in Hong Kong as well as China's unofficial ambassador in Hong Kong, visited Macao. During his stay, Xu met representatives from the Chinese community, praised them for their support of "reunification and modernization of the Motherland," and called for even greater cooperation in achieving these two goals.<sup>136</sup> Xu articulated nationalist and patriotic values in an attempt to unite Macao's people. He also promised Macao's prosperity and stability would continue under the principle of "one country, two systems."<sup>137</sup>

#### b. Publicizing the "One Country, Two Systems" Slogan

The PRC has launched an extensive propaganda campaign consisting of the "scientific" and "strategic" nature of the "one country, two systems" principle.<sup>138</sup> The campaign was proclaimed as reflecting the "patriotic united front during the new historical period."<sup>139</sup> A May 26, 1986 *Beijing Review* article promised that the Chinese government "will give full consideration to Macao's history and present situation," and that the Macao issue "will be solved to the satisfaction of all parties concerned" according to the concept of "one country, two systems."<sup>140</sup>

#### c. Wooing Public Opinion

Besides receiving all kinds of delegations from Macao and sending various delegations to Macao, Beijing had also mounted a visible effort to build confidence among Macao's residents. China's official representative in Macao, Nam Kwong Company, collected public opinion by tele-

---

<sup>134</sup> *Macau '84*, *supra* note 42, at 208.

<sup>135</sup> *Id.*

<sup>136</sup> Lin, *Xu Jiatun's New Year Visiting to Macao*, PAI SHING, Feb. 16, 1987, at 49-51.

<sup>137</sup> *Id.* at 50.

<sup>138</sup> For details of this principle, see Hsu, *The Formulation and Significance of the Thought of 'One Country, Two Systems'*, TRIBUNE OF POL. SCI. AND L., Aug. 1985, at 63-64; Lin, *The Macao Question is Satisfactorily Settled*, OUTLOOK WEEKLY, Mar. 30, 1987, at 3; Deng, *More on 'One Country, Two Systems'*, BEIJING REV., Apr. 6, 1987, at 21-22. Wu, *supra* note 132, at 157.

<sup>139</sup> Wu, *supra* note 132, at 157.

<sup>140</sup> Huan, *supra* note 18, at 22.

phone shortly before the talks were to begin.<sup>141</sup> Some may wonder whether this sampling was truly indicative of public opinion, as the local residents may not have freely expressed their reservations to a communist organization. The majority of Macao residents were politically apathetic, mainly because they felt powerless.<sup>142</sup>

## B. *Tactics Used During Negotiations*

### 1. Beijing as the Negotiating Location

Richard Solomon has pointed out that: "The Chinese prefer to negotiate on their own territory for being at home aids internal communications, decision-making and their orchestration of the ambiance of negotiations from banquet toasts to the manipulation of the press."<sup>143</sup> On the Hong Kong and Macao issues, the PRC selected Beijing as the negotiating location for several purposes. The PRC thought of Hong Kong and Macao as Chinese territory; therefore, negotiations should be on China's soil.<sup>144</sup> The United Kingdom had no objection—all twenty-two rounds of talks between the PRC and Britain took place in Beijing.

Portugal, however, did not want to repeat what it considered the humiliating experience of Britain. Portugal wanted to rotate the negotiating locations between Beijing and Lisbon on each occasion.<sup>145</sup> The PRC disagreed. A compromise was reached, however, in that Zhou Nan would visit Lisbon in return for Portugal's agreement to negotiate the Macao settlement in Beijing.<sup>146</sup> The PRC declared, however, the purpose of Zhou's visit was not for talks on the Macao issue, but for "a good-will visit."<sup>147</sup>

Besides the historic reasons, PRC leaders also wanted to impress Portuguese negotiators with the greatness of Chinese culture, by including banquet cuisine and sightseeing trips. Solomon believes that these aspects of the negotiating process are often used by the PRC in order to create a sense of China's "great tradition and future potential—and in partial compensation for its current political and economic weakness."<sup>148</sup>

---

<sup>141</sup> *Macau '87*, *supra* note 11, at 183.

<sup>142</sup> *Shing Dao Daily*, June 30, 1986, at 7.

<sup>143</sup> Davis, *How Britain Fell for the Peking Game-Plan*, *FAR E. ECON. REV.*, June 21, 1984, at 44.

<sup>144</sup> Lin, *Practical Contradictions Between China and Portugal Are Ambiguous*, *PAI SHING*, July 16, 1986, at 42.

<sup>145</sup> *Portuguese President's Press Interview*, *supra* note 41, at 9.

<sup>146</sup> Lin, *supra* note 121, at 35.

<sup>147</sup> *PRC Vice Foreign Minister on Macao Issue* (*Xinhua*, Nov. 23, 1986), *reprinted in F.B.I.S.*, Dec. 1, 1986, at W4.

<sup>148</sup> Solomon, *supra* note 126, at 2. See also Shiung, *Will Sino-Portuguese Talks Be Peaceful?*, *THE MIRROR*, 1987, at 21 (citing that during the Macao negotiations, Portuguese negotiators were



## 2. Time Pressure: Deadline

A major negotiating tactic often used by the PRC is the effort to use time pressures against an adversary.<sup>149</sup> Beijing has successfully applied time pressures and deadlines against the United Kingdom on the Hong Kong issue. On the Macao issue, however, it was the PRC—not Portugal—that was vulnerable to time pressures.

Beijing takes advantage of an adversary's anxiety to conclude a given deal.<sup>150</sup> A deadline is, actually, one of the most frequently used tactics in negotiation. As one commentator states: deadlines "force action" and "pressure people into making an either-or choice."<sup>151</sup>

There are several advantages in manipulating deadlines. First, a sense of urgency can be created.<sup>152</sup> Second, deadlines can be used to deny your opponent time to gather sufficient knowledge and insight for making sound judgments.<sup>153</sup> Third, a deadline gives the impression that you are ready to deal.<sup>154</sup> Deadlines, properly executed, are effective from the lowest to the highest level of negotiation.<sup>155</sup> According to Karrass, "[e]xperience tells us that some deadlines mean dead, others not. Some are costly, others inconsequential."<sup>156</sup>

One of the tactics Beijing used during Hong Kong negotiations was to impose a deadline in order to persuade London to concede on the sovereignty and administration issues. There were two stages of the Hong Kong negotiations. The first stage of the negotiations took place in 1982-83 and was characterized by impasse or deadlock.<sup>157</sup> The PRC insisted that Britain give up sovereignty and administrative rights on Hong Kong. The United Kingdom, on the other hand, wanted to receive continuing British administration in exchange for acknowledging Beijing's sovereignty over Hong Kong.

Throughout the first stage of the negotiations, Hong Kong's financial and economic conditions deteriorated and the Hong Kong dollar steadily declined in value. This was an indication of the lack of public morale brought about by the deadlock. The third round of talks took place August 2-3, 1983 and there was still no progress,<sup>158</sup> and the fourth

---

invited by the PRC for sightseeing trips after each round of talks in Beijing. They had visited the Chengde Summer Palace, Shandong and Yangtse River).

<sup>149</sup> Solomon, *supra* note 126, at 13.

<sup>150</sup> *Id.* at 16.

<sup>151</sup> C. KARRASS, *supra* note 130, at 44-45.

<sup>152</sup> D. LEWIS, *POWER NEGOTIATING TACTICS AND TECHNIQUES* 53 (1981).

<sup>153</sup> *Id.*

<sup>154</sup> *Id.* at 54.

<sup>155</sup> *Id.* at 55.

<sup>156</sup> C. KARRASS, *supra* note 130, at 45.

<sup>157</sup> THE FUTURE OF HONG KONG, *supra* note 10, at 7.

<sup>158</sup> F. CHING, *supra* note 12, at 17.

round was held on September 22-23, 1983. Meanwhile, the Hong Kong stock market continued to drop, the index falling 65.58 points to 785.48.<sup>159</sup> In late September 1983, Hong Kong's dollar also plummeted in value against the American dollar—the greatest fall in its history.<sup>160</sup>

In the middle of this financial crisis, the PRC disclosed its intention to announce its own plans for the future of Hong Kong, if an agreement with the United Kingdom could not be reached by September 1984.<sup>161</sup> By unilaterally imposing a deadline, the PRC dramatized the likelihood of a breakdown in negotiations and heightened the risk of further deterioration of the Hong Kong economy. In addition, Deng Xiaoping was reported to have said that the PRC would not give in regardless of how far the Hong Kong dollar dropped.<sup>162</sup> Premier Zhao also said, "No country can put prosperity ahead of sovereignty."<sup>163</sup>

Against this background the United Kingdom became convinced of the firmness of Beijing's position. London finally decided to give in. The White Paper on Hong Kong, published in September 1984 as the "Draft Agreement", points out that "[t]he alternative to acceptance of the present agreement is to have no agreement. In this case the Chinese Government has made it plain that negotiations could not be reopened and that it would publish its own plan for Hongkong."<sup>164</sup>

The deadline tactic used by the PRC was apparently very effective. The British concession marked the most significant breakthrough in the Hong Kong negotiations. The fifth round of talks ended on October 20, 1983, the phrases "useful and constructive" reappeared in the press communique after the talks.<sup>165</sup>

In the Macao negotiation, Beijing was pressured to reach an agreement with Portugal because of domestic consideration in both countries. Portugal, on the other hand, had no pressure to meet any deadlines.

During the deadlock period over the transfer date issue, Zhou Nan was reported to have threatened Portugal with annexation of Macao should Lisbon not agree to return Macao prior to the year 2000. This threat was reportedly made to Portuguese Foreign Minister Pedro Pires de Miranda during Zhou Nan's visit to Lisbon in November 1986.<sup>166</sup> The PRC, however, denied the report. "[T]here was never an ultimatum or any threat of annexation," a Foreign Ministry spokesman said.<sup>167</sup>

<sup>159</sup> *Id.* at 19.

<sup>160</sup> *Id.*

<sup>161</sup> *Id.* at 20.

<sup>162</sup> *Id.* at 17.

<sup>163</sup> *Id.*

<sup>164</sup> *Hong Kong, ASIA 1985 YEARBOOK* 146-47 (1985).

<sup>165</sup> F. CHING, *supra* note 12, at 21.

<sup>166</sup> *PRC Threat 'to Annex' Macao, supra* note 79, at W2.

<sup>167</sup> *Id.*

Regardless of whether this threat was made, it was the PRC which was anxious to reach a quick agreement on the Macao question. Portugal, because of domestic uncertainty, would have preferred no agreement to a bad agreement on the Macao issue. Indeed, it was Lisbon which made repeated threats to pull out of Macao prior to 1997. Beijing, therefore, was in a less advantageous position to bargain with Portugal. It is no surprise that the PRC ultimately made a concession on the nationality issue.

### 3. Making Concessions in the Eleventh Hour

The PRC leaders are masters of eleventh-hour negotiations, but if the adversary persists and waits patiently and if Beijing needs an agreement badly, the PRC will make final concessions in order to conclude an arrangement.

There are several advantages in making concessions toward the end of negotiations. First, it makes the receiving party more appreciative of the concessions.<sup>168</sup> Second, one can test the other side's limits before making important concessions.

Beijing tends to make concessions at the last minute of negotiations. On the nationality issue, for example, the PRC did not acquiesce to Portugal's "dual nationality" demand until the last day of negotiations. In addition, Beijing tends to make concessions on less vital issues, while demanding an adversary to yield on the most important issues according to its "non-negotiable" principle.

### C. Post-Negotiation Maneuvers

Many foreign negotiators comment that the PRC does not believe that reaching an agreement means the end of negotiations.<sup>169</sup> The Chinese may seek modifications of formal agreements or reopen issues if it serves their interests.<sup>170</sup>

On the Macao issue, it was not clear how Beijing would implement the "dual nationality" provision. Macao residents holding Portuguese passports are now free to live in Portugal. Portugal is now a member state of the European Economic Community (EEC). As a consequence, there are restrictions on free movement of Portuguese to other EEC states, but these will be lifted in the 1990s.<sup>171</sup> There are concerns, therefore, among the EEC countries that migrating Portuguese workers may increase rapidly once they have free access to the EEC states. It was

---

<sup>168</sup> C. KARRASS, *supra* note 130, at 39.

<sup>169</sup> Solomon, *supra* note 126, at 14.

<sup>170</sup> *Id.* at 14-15.

<sup>171</sup> Lau, *Bending the Law*, FAR E. ECON. REV., Apr. 30, 1987, at 36-37; Lau & Bowring, *Passing the Passport*, FAR E. ECON. REV., Aug. 22, 1985, at 14-16.

reported that Britain, other EEC states and the PRC may pressure Portugal to change its nationality law before 1999 to make it more difficult for Chinese in Macao to acquire Portuguese citizenship.<sup>172</sup>

Negotiations of the Hong Kong Basic Law since the conclusion of the Joint Declaration show that Beijing has "second thoughts" regarding parts of the agreement reached in September 1984. For example, the PRC declares in the Joint Declaration that the Hong Kong Special Administrative Region "will enjoy a high degree of autonomy" and "will be vested with executive, legislative and independent judicial power."<sup>173</sup> The PRC apparently now wants more authority for the executive branch than for the legislative branch.<sup>174</sup> There are also disputes about the meaning of the words "high degree of autonomy." Because of China's willingness to ask for modifications, it is still too early to tell how Beijing will implement the "one-country, two systems" principle with regard to both Hong Kong and Macao.

## V. CONCLUSION

It is apparent from the foregoing analysis that the Macao negotiations and settlement were not woven by the PRC from the same cloth as the Hong Kong agreement. Despite the fact that the PRC initially sought settlement and return of both territories at the same time for the same reasons, and that some similarities are evident in the terms of the two agreements, we have seen that Macao was a "different kettle of fish" from Hong Kong.

In comparison with what is already known about the Hong Kong settlement, it is clear that significant dissimilarities existed between Hong Kong and Macao. These distinct differences derived in part from local conditions peculiar to Macao and from domestic political concerns and developments within Portugal and the PRC, respectively.

This analysis of the Macao case suggests four important conclusions about the PRC's negotiating style.

- 1) The PRC will be flexible and pragmatic in making those concessions it feels necessary to accomplish its objectives, even if this requires significant departure from precedent and previously stated positions.

- 2) The PRC will engage in various pre-negotiation tactics comprising: postulation of so-called "non-negotiable demands," the leaking of these, and the wooing of public opinion including utilization of various "united front" campaigns.

- 3) The PRC will resort to various tactics during negotiation that

---

<sup>172</sup> Lau, *supra* note 171, at 36-37; Lau & Bowring, *supra* note 171, at 14-16.

<sup>173</sup> Hong Kong Joint Declaration, *supra* note 3, para. 3(2)-(3).

<sup>174</sup> Cheung, *The Outline of the Draft of the Basic Law is Appearing*, PAI SHING, Dec. 16, 1987, at 3-5.

may include: insisting on Beijing as the negotiating location; using time pressure or deadline tactics; and deferring any concessions to the last moment.

4) The PRC will also use a variety of post-negotiation maneuvers, such as seeking modifications or reopening negotiations on any issue that serve its interests. (Table 2)

Table 2.

Negotiation Phases	Beijing's Negotiating Tactics on the Macao Issue
(1) Pre-negotiation Maneuvers	(a) Non-negotiable Demands (b) United Front Campaign
(2) Tactics Used During Negotiation	(a) Beijing as the Negotiating Location (b) Time Pressure: Deadline (c) Making Concessions in the Eleventh Hour
(3) Post-negotiation Maneuvers	(a) Modifications of Formal Understanding (b) Reopening Resolved Issues

Finally, more research is required, particularly of the Macao case, before analysts can confidently make additional generalizations about the PRC's negotiating style that may be of predictive value for the Taiwan and other issues.

APPENDICES*PROTOCOL between Portugal and China, respecting the Relations between the two Countries.—Signed at Lisbon, March 26, 1887.\**

THE Government of His Most Faithful Majesty the King of Portugal and the Algarves, and that of His Imperial Majesty the Emperor of China, having decided to regulate the friendly relations existing for more than three centuries between the two countries, have agreed for this purpose to a preliminary Protocol. To this effect the Undersigned, Henrique de Barros Gomes, of His Majesty's Council, his Minister and Secretary of State for Foreign Affairs, Knight Grand Cross of the Orders of Our Lord Jesus Christ, of the Legion of Honour, of Pius IX, of the Saints Maurice and Lazarus, of Charles III, and Leopold of Belgium, &c. ; and James Duncan Campbell, Commissioner and Non-Resident Secretary of the Inspectorate-General of Chinese Imperial Maritime Customs, of Second Class Chinese Civil Rank, with double Dragon decoration Second Division Second Class, Commander of the Legion of Honour, and Companion of the Most Distinguished Order of Saint Michael and Saint George, duly empowered by their respective Governments, have concluded the following Protocol:—

ART. I. A Treaty of Friendship and Commerce, with most-favoured-nation clause, will be concluded and signed at Peking.

II. China confirms perpetual occupation and government of Macau and its dependencies by Portugal, as any other Portuguese Possession.

III. Portugal engages never to alienate Macau and dependencies without agreement with China.

IV. Portugal engages to co-operate in opium revenue work at Macau in same way as England at Hong Kong.

Done at Lisbon, the 26th March, 1887.

(L.S.) HENRIQUE DE BARROS GOMES.

(L.S.) JAMES DUNCAN CAMPBELL

Signed also in the Portuguese language.

# Joint Declaration

## Of the Government of the People's Republic Of China and the Government of the Republic of Portugal on the Question Of Macao

### (Initialled Text)

The Government of the People's Republic of China and the Government of the Republic of Portugal have reviewed with satisfaction the development of the friendly relations between the two governments and peoples since the establishment of diplomatic relations between the two countries and agreed that a proper negotiated settlement by the two governments of the question of Macao, which is left over from the past, is conducive to the economic growth and social stability of Macao and to the further strengthening of the friendly relations and co-operation between the two countries. To this end, they have, after talks between the delegations of the two governments, agreed to declare as follows:

1. The Government of the People's Republic of China and the Government of the Republic of Portugal declare that the Macao area (including the Macao Peninsula, Taipa Island and Coloane Island, hereinafter referred to as Macao) is Chinese territory, and that the Government of the People's Republic of China will resume the exercise of sovereignty over Macao with effect from December 20, 1999.

2. The Government of the People's Republic of China declares that in line with the principle of "one country, two systems," the People's Republic of China will pursue the following basic policies regarding Macao:

(1) In accordance with the provisions of Article 31 of the Constitution of the People's Republic of China, the People's Republic of China will establish a Macao Special Administrative Region of the

People's Republic of China upon resuming the exercise of sovereignty over Macao.

(2) The Macao Special Administrative Region will be directly under the authority of the Central People's Government of the People's Republic of China, and will enjoy a high degree of autonomy, except in foreign and defence affairs which are the responsibilities of the Central People's Government. The Macao Special Administrative Region will be vested with executive, legislative and independent judicial power, including that of final adjudication.

(3) Both the government and the legislature of the Macao Special Administrative Region will be composed of local inhabitants. The chief executive will be appointed by the Central People's Government on the basis of the results of elections or consultations to be held in Macao. Officials holding principal posts will be nominated by the chief executive of the Macao Special Administrative Region for appointment by the Central People's Government. Public servants (including police) of Chinese nationality and Portuguese and other foreign nationalities previously serving in Macao may remain in employment. Portuguese and other foreign nationals may be appointed or employed to hold certain public posts in the Macao Special Administrative Region.

(4) The current social and economic systems in Macao will remain unchanged, and so will the life-style. The laws currently in force in Macao will remain basically unchanged. All rights and freedoms of the inhabitants and other persons in Macao, including those of the person, of speech, of

---

Source: *Beijing Review*, Vol. 30, No. 14 (April 6, 1987), Document Insertion.

the press, of assembly, of association, of travel and movement, of strike, of choice of occupation, of academic research, of religion and belief, of communication and the ownership of property will be ensured by law in the Macao Special Administrative Region.

(5) The Macao Special Administrative Region will on its own decide policies in the fields of culture, education, science and technology and protect cultural relics in Macao according to law.

In addition to Chinese, Portuguese may also be used in organs of government and in the legislature and the courts in the Macao Special Administrative Region.

(6) The Macao Special Administrative Region may establish mutually beneficial economic relations with Portugal and other countries. Due regard will be given to the economic interests of Portugal and other countries in Macao. The interests of the inhabitants of Portuguese descent in Macao will be protected by law.

(7) Using the name "Macao, China," the Macao Special Administrative Region may on its own maintain and develop economic and cultural relations and in this context conclude agreements with states, regions and relevant international organizations.

The Macao Special Administrative Region Government may on its own issue travel documents for entry into and exit from Macao.

(8) The Macao Special Administrative Region will remain a free port and a separate customs territory in order to develop its economic activities. There will be free flow of capital. The Macao pataca, as the legal tender of the Macao Special Administrative Region, will continue to circulate and remain freely convertible.

(9) The Macao Special Administrative Region will continue to have independent finances. The Central People's Government will not levy taxes on the Macao Special Administrative Region.

(10) The maintenance of public order in the Macao Special Administrative Region will be the responsibility of the Macao Special Administrative Region Government.

(11) Apart from displaying the national flag and national emblem of the People's Republic of China, the Macao Special Administrative Region may use a regional flag and emblem of its own.

(12) The above-stated basic policies and the elaboration of them in Annex I to this Joint Declaration will be stipulated in a Basic Law of the Macao Special Administrative Region of the People's Republic of China by the National People's Congress of the People's Republic of China, and they will remain unchanged for 50 years.

3. The Government of the People's Republic of China and the Government of the Republic of Portugal declare that, during the transitional period between the date of the entry into force of this Joint Declaration and December 19, 1999, the Government of the Republic of Portugal will be responsible for the administration of Macao. The Government of the Republic of Portugal will continue to promote the economic growth of Macao and maintain its social stability, and the Government of the People's Republic of China will give its co-operation in this connection.

4. The Government of the People's Republic of China and the Government of the Republic of Portugal declare that in order to ensure the effective implementation of this Joint Declaration and create appropriate conditions for the transfer of government in 1999, a Sino-Portuguese Joint Liaison Group will be set up when this Joint Declaration enters into force, and that it will be established and will function in accordance with the relevant provisions of Annex II to this Joint Declaration.

5. The Government of the People's Republic of China and the Government of the Republic of Portugal declare that land leases in Macao and other related matters will be dealt with in accordance with the relevant provisions of the Annexes to this Joint Declaration.

6. The Government of the People's Republic of China and the Government of the Republic of Portugal agree to implement all the preceding declarations and the Annexes which are a component part of the Joint Declaration.

7. This Joint Declaration and its Annexes shall enter into force on the date of the exchange of instruments of ratification, which shall take place in Beijing. This Joint Declaration and its Annexes shall be equally binding.

Done in duplicate at Beijing on 1987 in the Chinese and Portuguese languages, both texts being equally authentic.

[Signed on April 13, 1987]

(Signed)  
For the Government of the  
People's Republic of China

(Signed)  
For the Government of the  
Republic of Portugal



*Annex I***Elaboration by the Government of the People's Republic  
Of China of Its Basic Policies Regarding Macao**

**T**he Government of the People's Republic of China elaborates the basic policies of the People's Republic of China regarding Macao as set out in paragraph 2 of the Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao as follows:

**I**

The Constitution of the People's Republic of China stipulates in Article 31 that "the state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by laws enacted by the National People's Congress in the light of the specific conditions." In accordance with this Article, the People's Republic of China shall, upon the resumption of the exercise of sovereignty over Macao on December 20, 1999, establish the Macao Special Administrative Region of the People's Republic of China. The National People's Congress of the People's Republic of China shall enact and promulgate a Basic Law of the Macao Special Administrative Region of the People's Republic of China (hereinafter referred to as the Basic Law) in accordance with the Constitution of the People's Republic of China, stipulating that after the establishment of the Macao Special Administrative Region the socialist system and socialist policies shall not be practised in the Macao Special Administrative Region and that the current social and economic systems and life-style in Macao shall remain unchanged for 50 years.

The Macao Special Administrative Region shall be directly under the authority of the Central People's Government of the People's Republic of China, and shall enjoy a high degree of autonomy, except in foreign and defence affairs which are the responsibilities of the Central People's Government. The Macao Special Administrative Region shall be vested with executive, legislative and independent judicial power, including that of final adjudication. The Central People's Government shall authorize the Macao Special Administrative

Region to conduct on its own those external affairs specified in Section VIII of this Annex.

**II**

The executive power of the Macao Special Administrative Region shall be vested in the government of the Macao Special Administrative Region. The government of the Macao Special Administrative Region shall be composed of local inhabitants. The chief executive of the Macao Special Administrative Region shall be appointed by the Central People's Government on the basis of the results of elections or consultations to be held in Macao. Officials holding principal posts (equivalent to assistant-secretaries, procurator-general and principal officer of the police service) shall be nominated by the chief executive of the Macao Special Administrative Region for appointment by the Central People's Government.

The executive authorities shall abide by the law and shall be accountable to the legislature.

**III**

The legislative power of the Macao Special Administrative Region shall be vested in the legislature of the Macao Special Administrative Region. The legislature shall be composed of local inhabitants, and the majority of its members shall be elected.

After the establishment of the Macao Special Administrative Region, the laws, decrees, administrative regulations and other normative acts previously in force in Macao shall be maintained, save for whatever therein may contravene the Basic Law or subject to any amendment by the Macao Special Administrative Region legislature.

The legislature of the Macao Special Administrative Region may enact laws in accordance with the provisions of the Basic Law and legal procedures, and such laws shall be reported to the Standing Committee of the National

People's Congress of the People's Republic of China for the record. Laws enacted by the legislature of the Macao Special Administrative Region which are in accordance with the Basic Law and legal procedures shall be regarded as valid.

The legal system of the Macao Special Administrative Region shall consist of the Basic Law, the laws previously in force in Macao and the laws enacted by the Macao Special Administrative Region as above.

#### IV

Judicial power in the Macao Special Administrative Region shall be vested in the courts of the Macao Special Administrative Region. The power of final adjudication shall be exercised by the court of final appeal in the Macao Special Administrative Region. The courts shall exercise judicial power independently and free from any interference, and shall be subordinated only to the law. The judges shall enjoy the immunities appropriate to the performance of their functions.

Judges of the Macao Special Administrative Region courts shall be appointed by the chief executive of the Macao Special Administrative Region acting in accordance with the recommendation of the independent commission composed of local judges, lawyers and noted public figures. Judges shall be chosen by reference to their professional qualifications. Qualified judges of foreign nationalities may also be invited to serve as judges in the Macao Special Administrative Region. A judge may only be removed for inability to discharge the functions of his office, or for behaviour incompatible with the post he holds, by the chief executive acting in accordance with the recommendation of a tribunal appointed by the president of the court of final appeal, consisting of no fewer than three local judges. The removal of judges of the court of final appeal shall be decided upon by the chief executive in accordance with the recommendation of a review committee consisting of members of the Macao Special Administrative Region legislature. The appointment and removal of judges of the court of final appeal shall be reported to the Standing Committee of the National People's Congress for the record.

The prosecuting authority of the Macao Special Administrative Region shall exercise procuratorial functions as vested by law, independently and free from any interference.

The system previously in force in Macao for appointment and removal of supporting members of the judiciary shall be maintained.

On the basis of the system previously operating

in Macao, the Macao Special Administrative Region Government shall make provisions for local lawyers and lawyers from outside Macao to practise in the Macao Special Administrative Region.

The Central People's Government shall assist or authorize the Macao Special Administrative Region Government to make appropriate arrangements for reciprocal juridical assistance with foreign states.

#### V

The Macao Special Administrative Region shall, according to law, ensure the rights and freedoms of the inhabitants and other persons in Macao as provided for by the laws previously in Macao, including freedom of the person, of speech, of the press, of assembly, of demonstration, of association (e.g., to form and join non-official associations), to form and join trade unions, of travel and movement, of choice of occupation and work, of strike, of religion and belief, of education and academic research; inviolability of the home and of communication, and the right to have access to law and court; rights concerning the ownership of private property and of enterprises and their transfer and inheritance, and to obtain appropriate compensation for lawful deprivation paid without undue delay; freedom to marry and the right to form and raise a family freely.

The inhabitants and other persons in the Macao Special Administrative Region shall all be equal before the law, and shall be free from discrimination, irrespective of nationality, descent, sex, race, language, religion, political or ideological belief, educational level, economic status or social conditions.

The Macao Special Administrative Region shall protect, according to law, the interests of residents of Portuguese descent in Macao and shall respect their customs and cultural traditions.

Religious organizations and believers in the Macao Special Administrative Region may carry out activities as before for religious purposes and within the limits as prescribed by law, and may maintain relations with religious organizations and believers outside Macao. Schools, hospitals and charitable institutions attached to religious organizations may continue to operate as before. The relationship between religious organizations in the Macao Special Administrative Region and those in other parts of the People's Republic of China shall be based on the principles of non-subordination, non-interference and mutual respect.

## VI

After the establishment of the Macao Special Administrative Region, public servants (including police) of Chinese nationality and Portuguese and other foreign nationalities previously serving in Macao may all remain in employment and continue their service with pay, allowances and benefits no less favourable than before. Those of the above-mentioned public servants who have retired after the establishment of the Macao Special Administrative Region shall, in accordance with regulations currently in force, be entitled to pensions and allowances on terms no less favourable than before, and irrespective of their nationality or place of residence.

The Macao Special Administrative Region may appoint Portuguese and other foreign nationals previously serving in the public service in Macao or currently holding Permanent Identity Cards of the Macao Special Administrative Region to public posts (except certain principal official posts). The Macao Special Administrative Region may also invite Portuguese and other foreign nationals to serve as advisers or hold professional and technical posts. The Portuguese and other foreign nationals holding public posts in the Macao Special Administrative Region shall be employed only in their individual capacities and shall be responsible exclusively to the Macao Special Administrative Region.

The appointment and promotion of public servants shall be on the basis of qualifications, experience and ability. Macao's previous system of employment, discipline, promotion and normal rise in rank for the public service shall remain basically unchanged.

## VII

The Macao Special Administrative Region shall on its own decide policies in the fields of culture, education, science and technology, such as policies regarding the languages of instruction (including Portuguese) and the system of academic qualifications and the recognition of academic degrees. All educational institutions may remain in operation and retain their autonomy. They may continue to recruit teaching and administrative staff and use teaching materials from outside Macao. Students shall enjoy freedom to pursue their education outside the Macao Special Administrative Region. The Macao Special Administrative Region shall protect cultural relics in Macao according to law.

## VIII

Subject to the principle that foreign affairs are the responsibility of the Central People's Government, the Macao Special Administrative Region may on its own, using the name "Macao, China", maintain and develop relations and conclude and implement agreements with states, regions and relevant international or regional organizations in the appropriate fields, such as the economy, trade, finance, shipping, communications, tourism, culture, science and technology and sports. Representatives of the Macao Special Administrative Region Government may participate, as members of the delegations of the Government of the People's Republic of China, in international organizations or conferences in appropriate fields limited to states and affecting the Macao Special Administrative Region, or may attend in such other capacity as may be permitted by the Central People's Government and the organization or conference concerned, and may express their views in the name of "Macao, China." The Macao Special Administrative Region may, using the name "Macao, China," participate in international organizations and conferences not limited to states.

Representatives of the Macao Special Administrative Region Government may participate, as members of delegations of the Government of the People's Republic of China, in negotiations conducted by the Central People's Government at the diplomatic level directly affecting the Macao Special Administrative Region.

The application to the Macao Special Administrative Region of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances of each case and the needs of the Macao Special Administrative Region and after seeking the views of the Macao Special Administrative Region Government. International agreements to which the People's Republic of China is not a party but which are implemented in Macao may remain implemented in the Macao Special Administrative Region. The Central People's Government shall, according to the circumstances and the needs, authorize or assist the Macao Special Administrative Region Government to make appropriate arrangements for the application to the Macao Special Administrative Region of other relevant international agreements.

The Central People's Government shall, in accordance with the circumstances of each case and the needs of the Macao Special Administrative Region, take steps to ensure that the Macao Special Administrative Region shall continue to retain its

status in an appropriate capacity in those international organizations of which the People's Republic of China is a member and in which Macao participates in one capacity or another. The Central People's Government shall, according to the circumstances and the needs, facilitate the continued participation of the Macao Special Administrative Region in an appropriate capacity in those international organizations in which Macao is a participant in one capacity or another, but of which the People's Republic of China is not a member.

Foreign consular and other official or semi-official missions may be established in the Macao Special Administrative Region with the approval of the Central People's Government. Consular and other official missions established in Macao by states which have established formal diplomatic relations with the People's Republic of China may be maintained. According to the circumstances of each case, consular and other official missions in Macao of states having no formal diplomatic relations with the People's Republic of China may either be maintained or changed to semi-official missions. States not recognized by the People's Republic of China can only establish non-governmental institutions.

The Republic of Portugal may establish a Consulate-General in the Macao Special Administrative Region.

#### IX

The following categories of persons shall have the right of abode in the Macao Special Administrative Region and be qualified to obtain Permanent Identity Cards of the Macao Special Administrative Region:

— the Chinese nationals who were born or who have ordinarily resided in Macao before or after the establishment of the Macao Special Administrative Region for a continuous period of 7 years or more, and persons of Chinese nationality born outside Macao of such Chinese nationals;

— the Portuguese who were born in Macao or who have ordinarily resided in Macao before or after the establishment of the Macao Special Administrative Region for a continuous period of 7 years or more and who, in either case, have taken Macao as their place of permanent residence; and

— the other persons who have ordinarily resided in Macao for a continuous period of 7 years or more and have taken Macao as their place of permanent residence before or after the establishment of the Macao Special Administrative Region, and persons under 18 years of age who were

born of such persons in Macao before or after the establishment of the Macao Special Administrative Region.

The Central People's Government shall authorize the Macao Special Administrative Region Government to issue, in accordance with the law, passports of the Macao Special Administrative Region of the People's Republic of China to all Chinese nationals who hold Permanent Identity Cards of the Macao Special Administrative Region, and other travel documents of the Macao Special Administrative Region of the People's Republic of China to all other persons lawfully residing in the Macao Special Administrative Region.

The above passports and travel documents of the Macao Special Administrative Region shall be valid for all states and regions and shall record the holders' right to return to the Macao Special Administrative Region.

For the purpose of travelling to and from the Macao Special Administrative Region, inhabitants of the Macao Special Administrative Region may use travel documents issued by the Macao Special Administrative Region Government, or by other competent authorities of the People's Republic of China, or of other states. Holders of Permanent Identity Cards of the Macao Special Administrative Region may have this fact stated in their travel documents as evidence that the holders have the right of abode in the Macao Special Administrative Region.

Entry into the Macao Special Administrative Region by inhabitants of other parts of China shall be regulated in an appropriate way.

The Macao Special Administrative Region may apply immigration controls on entry into, stay in and departure from the Macao Special Administrative Region by persons from foreign states and regions.

Unless restrained by law, holders of valid travel documents shall be free to leave the Macao Special Administrative Region without special authorization.

The Central People's Government shall assist or authorize the Macao Special Administrative Region Government to negotiate and conclude visa abolition agreements with the states and regions concerned.

#### X

The Macao Special Administrative Region shall decide its economic and trade policies on its own. As a free port and a separate customs territory, it shall maintain and develop economic

and trade relations with all states and regions and continue to participate in relevant international organizations and international trade agreements, such as the General Agreement on Tariffs and Trade and agreements regarding international trade in textiles. Export quotas, tariff preferences and other similar arrangements obtained by the Macao Special Administrative Region shall be enjoyed exclusively by the Macao Special Administrative Region. The Macao Special Administrative Region shall have authority to issue its own certificates of origin for products manufactured locally, in accordance with prevailing rules of origin.

The Macao Special Administrative Region shall protect foreign investments in accordance with the law.

The Macao Special Administrative Region may, as necessary, establish official and semi-official economic and trade missions in foreign countries, reporting the establishment of such missions to the Central People's Government for the record.

## XI

After the establishment of the Macao Special Administrative Region, the monetary and financial systems previously practised in Macao shall remain basically unchanged. The Macao Special Administrative Region shall decide its monetary and financial policies on its own. It shall safeguard the free operation of the financial institutions and the free flow of capital within, into and out of the Macao Special Administrative Region. No exchange control policy shall be applied in the Macao Special Administrative Region.

The Macao pataca, as the legal tender of the Macao Special Administrative Region, shall continue to circulate and remain freely convertible. The authority to issue Macao currency shall be vested in the Macao Special Administrative Region Government. The Macao Special Administrative Region Government may authorize designated banks to perform or continue to perform the functions of its agents in the issuance of Macao

currency. Macao currency bearing references inappropriate to the status of Macao as a special administrative region of the People's Republic of China shall be progressively replaced and withdrawn from circulation.

## XII

The Macao Special Administrative Region shall draw up on its own its budget and taxation policy. The Macao Special Administrative Region shall report its budgets and final accounts to the Central People's Government for the record. The Macao Special Administrative Region shall use its financial revenues exclusively for its own purposes and they shall not be handed over to the Central People's Government. The Central People's Government shall not levy taxes on the Macao Special Administrative Region.

## XIII

The Central People's Government shall be responsible for the defence of the Macao Special Administrative Region.

The maintenance of public order in the Macao Special Administrative Region shall be the responsibility of the Macao Special Administrative Region Government.

## XIV

Legal leases of land granted or decided upon before the establishment of the Macao Special Administrative Region and extending beyond December 19, 1999, and all rights in relation to such leases shall be recognized and protected according to law by the Macao Special Administrative Region. Land leases approved or renewed after the establishment of the Macao Special Administrative Region shall be dealt with in accordance with the relevant land laws and policies of the Macao Special Administrative Region.

---

*Annex II***Arrangements for the Transitional Period**

In order to ensure the effective implementation of the Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao and create appropriate conditions for the transfer of government of Macao, the Government of the People's Republic of China and the Government of the Republic of Portugal have agreed to continue their friendly co-operation during the transitional period between the date of the entry into force of the Joint Declaration and December 19, 1999.

For this purpose, the Government of the People's Republic of China and the Government of the Republic of Portugal have agreed to set up a Sino-Portuguese Joint Liaison Group and a Sino-Portuguese Land Group in accordance with the provisions of paragraphs 3, 4 and 5 of the Joint Declaration.

**I. Sino-Portuguese Joint Liaison Group**

1. The Joint Liaison Group shall be an organ for liaison, consultation and exchange of information between the two governments. It shall not interfere in the administration of Macao, nor shall it have any supervisory role over that administration.

2. The functions of the Joint Liaison Group shall be:

(a) to conduct consultations on the implementation of the Joint Declaration and its Annexes;

(b) to exchange information and conduct consultations on matters relating to the transfer of government of Macao in 1999;

(c) to conduct consultations on actions to be taken by the two governments to enable the Macao Special Administrative Region to maintain and develop external economic, cultural and other relations;

(d) to exchange information and conduct consultations on other subjects as may be agreed by the two sides.

Matters on which there is disagreement in the Joint Liaison Group shall be referred to the two governments for solution through consultations.

3. Each side shall designate a leader of ambassadorial rank and four other members of the

group. Each side may also designate experts and supporting staff as required, whose number shall be determined through consultations.

4. The Joint Liaison Group shall be established on the entry into force of the Joint Declaration and shall start work within three months after its establishment. It shall meet in Beijing, Lisbon and Macao alternately in the first year of work. Thereafter, it shall have its principal base in Macao. The Joint Liaison Group shall continue its work until 1 January 2000.

5. Members, experts and supporting staff of the Joint Liaison Group shall enjoy diplomatic privileges and immunities or such privileges and immunities as are compatible with their status.

6. The working and organizational procedures of the Joint Liaison Group shall be agreed between the two sides through consultations within the guidelines laid down in this Annex. The work of the Joint Liaison Group shall remain confidential unless otherwise agreed.

**II. Sino-Portuguese Land Group**

1. The two governments have agreed that, with effect from the entry into force of the Joint Declaration, land leases in Macao and related matters shall be dealt with in accordance with the following provisions:

(a) Leases of land granted previously by the Portuguese Macao government that expire before December 19, 1999, except temporary leases and leases for special purposes, may, in accordance with the relevant laws and regulations currently in force, be extended for a period expiring not later than December 19, 2049, with a premium to be collected.

(b) From the entry into force of the Joint Declaration until December 19, 1999 and in accordance with the relevant laws and regulations currently in force, new leases of land may be granted by the Portuguese Macao government for terms expiring not later than December 19, 2049, with a premium to be collected.

(c) The total amount of new land, including fields reclaimed from the sea and undeveloped land, to be granted under Section II, paragraph 1(b) of this Annex shall be limited to 20 hectares a year. The Land Group may, on the basis of the proposals of

the Portuguese Macao government, examine any change in the above-mentioned quota and make decisions accordingly.

(d) From the entry into force of the Joint Declaration until December 19, 1999, all incomes obtained by the Portuguese Macao government from granting new leases and renewing leases shall, after deduction of the average cost of land production, be shared equally between the Portuguese Macao government and the future government of the Macao Special Administrative Region. All the income so obtained from land by the Portuguese Macao government, including the amount of the above-mentioned deduction, shall be used for financing land development and public works in Macao. The Macao Special Administrative Region Government's share of land income shall serve as a reserve fund of the government of the Macao Special Administrative Region and shall be deposited in banks incorporated in Macao and, if necessary, may be used by the Portuguese Macao government for land development and public works in Macao during the transitional period with the endorsement of the Chinese side.

2. The Sino-Portuguese Land Group shall be an organ for handling land leases in Macao and related matters on behalf of the two governments.

3. The functions of the Land Group shall be:

(a) to conduct consultations on the implementation of Section II of this Annex;

(b) to monitor the amount and terms of land granted, and division and use of income from land granted in accordance with the provisions of Section II, paragraph 1 of this Annex.

(c) to examine proposals of the Portuguese Macao government for drawing on the Macao Special Administrative Region Government's share of income from land and to make recommendations to the Chinese side for decision. Matters on which there is disagreement in the Land Group shall be referred to the two governments for solution through consultations.

4. Each side shall designate three members of the Land Group. Each side may also designate experts and supporting staff as required, whose number shall be determined through consultations.

5. Upon the entry into force of the Joint Declaration, the Land Group shall be established and shall have its principal base in Macao. The Land Group shall continue its work until December 19, 1999.

6. Members, experts and supporting staff of the Land Group shall enjoy diplomatic privileges and immunities or other privileges and immunities as are compatible with their status.

7. The working and organizational procedures of the Land Group shall be agreed between the two

sides through consultations within the guidelines laid down in this Annex.

## Memoranda

(TO BE EXCHANGED BETWEEN THE TWO SIDES)

### Memorandum

In connection with the Joint Declaration of the Government of the People's Republic of China and the Government of the Republic of Portugal on the Question of Macao signed this day, the Government of the People's Republic of China declares:

The inhabitants in Macao who come under the provisions of the Nationality Law of the People's Republic of China, whether they are holders of the Portuguese travel or identity documents or not, have Chinese citizenship. Taking account of the historical background of Macao and its realities, the competent authorities of the Government of the People's Republic of China will permit Chinese nationals in Macao previously holding Portuguese travel documents to continue to use these documents for travelling to other states and regions after the establishment of the Macao Special Administrative Region. The above-mentioned Chinese nationals will not be entitled to Portuguese consular protection in the Macao Special Administrative Region and other parts of the People's Republic of China.

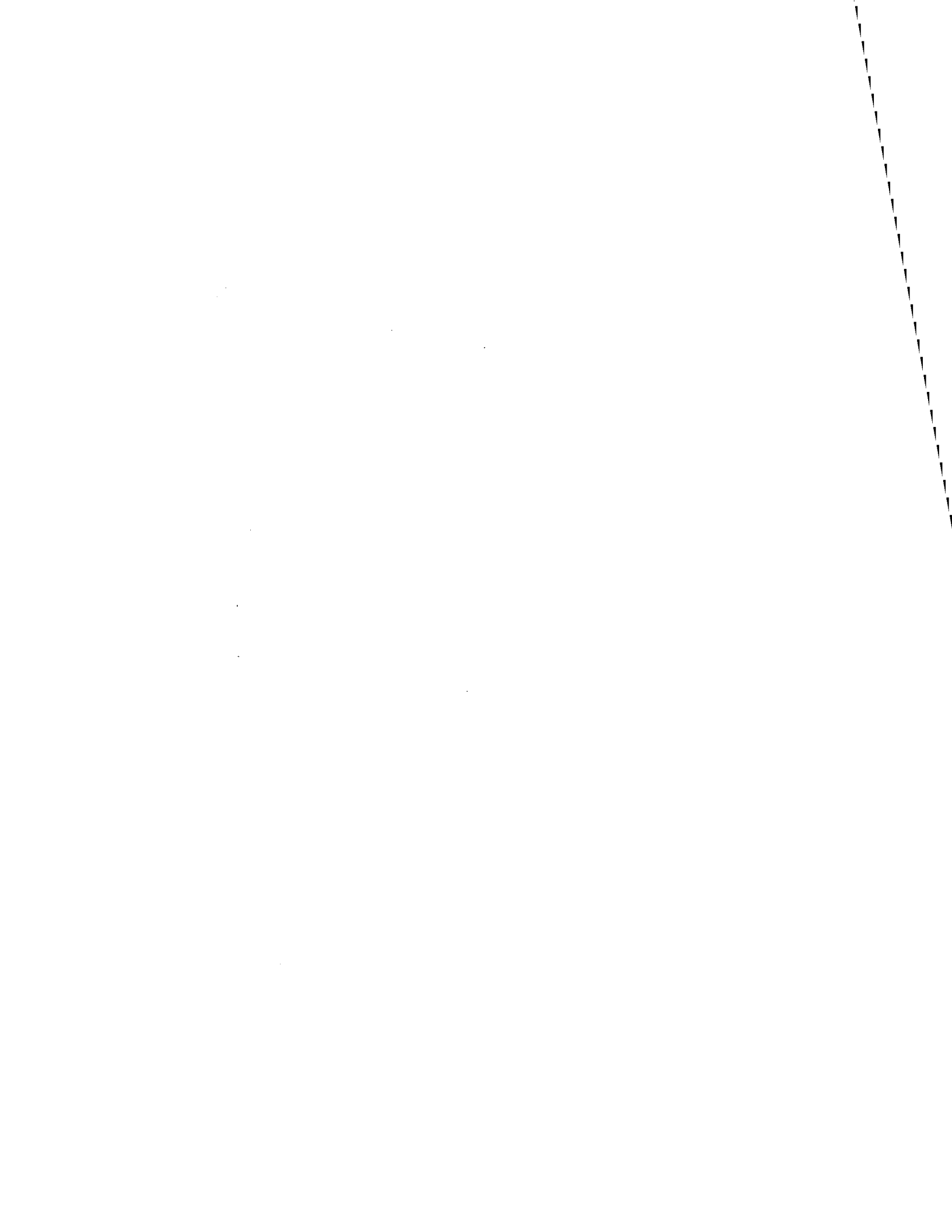
### Memorandum

In connection with the Joint Declaration of the Government of the Republic of Portugal and the Government of the People's Republic of China on the Question of Macao signed this day, the Government of the Republic of Portugal declares:

In conformity with the Portuguese legislation, the inhabitants in Macao who, having Portuguese citizenship, are holders of a Portuguese passport on December 19, 1999 may continue to use it after this date. No person may acquire Portuguese citizenship as from December 20, 1999 by virtue of his or her connection with Macao.

---

Note: Instruments of Ratification were exchanged on January 15, 1988. See *Asian Bulletin*, Vol. 13, No. 3 (March 1988), pp. 33-34.





***Occasional Papers/Reprints Series  
in Contemporary Asian Studies***

500 West Baltimore Street  
Baltimore, Maryland 21201  
U.S.A.  
(301) 328-3870

***1977 Series***

- |   |                       |                           |
|---|-----------------------|---------------------------|
| <b>No. 1 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-00-6</b> |
| Chinese Attitude Toward Continental Shelf and Its Implication on Delimiting Seabed in Southeast Asia (Hungdah Chiu) 32 pp.  |                       | <b>\$1.00</b>             |
| <b>No. 2 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-01-4</b> |
| Income Distribution in the Process of Economic Growth of the Republic of China (Yuan-Li Wu) 45 pp.  |                       | <b>\$1.00</b>             |
| <b>No. 3 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-02-2</b> |
| The Indonesian Maoists: Doctrines and Perspectives (Justus M. van der Kroef) 31 pp.   |                       | <b>\$1.00</b>             |
| <b>No. 4 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-03-0</b> |
| Taiwan's Foreign Policy in the 1970s: A Case Study Adaptation and Viability (Thomas J. Bellows) 22 pp.  |                       | <b>\$1.00</b>             |
| <b>No. 5 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-04-9</b> |
| Asian Political Scientists in North America: Professional and Ethnic Problems (Edited by Chun-tu Hsueh) 148 pp. Index   |                       | <b>\$3.00</b>             |
| <b>No. 6 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-05-7</b> |
| The Sino-Japanese Fisheries Agreement of 1975: A Comparison with Other North Pacific Fisheries Agreements (Song Yook Hong) 80 pp.                                     |                       | <b>\$2.00</b>             |
| <b>No. 7 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-06-5</b> |
| Foreign Trade Contracts Between West German Companies and the People's Republic of China: A Case Study (Robert Heuser) 22 pp.   |                       | <b>\$1.00</b>             |
| <b>No. 8 - 1977</b>   | <b>ISSN 0730-0107</b> | <b>ISBN 0-942182-07-3</b> |
| Reflections on Crime and Punishment in China, with Appended Sentencing Documents (Randle Edwards, Translation of Documents by Randle Edwards and Hungdah Chiu) 67 pp. |                       | <b>\$1.00</b>             |



- No. 6 - 1978 (18)**                      **ISSN 0730-0107**                      **ISBN 0-942182-17-0**  
**Criminal Punishment in Mainland China: A Study of Some Yunnan Province Documents (Hungdah Chiu) 35 pp.**                      **\$1.00**
- No. 7 - 1978 (19)**                      **ISSN 0730-0107**                      **ISBN 0-942182-18-9**  
**A Guide to the Study of Japanese Law (Lawrence W. Beer and Hidenori Tomatsu) 45 pp.**                      **\$2.00**
- No. 8 - 1978 (20)**                      **ISSN 0730-0107**                      **ISBN 0-942182-19-7**  
**The Pueblo, EC-121, and Mayaguez Incidents: Some Continuities and Changes (Robert Simmons) 40 pp.**                      **\$2.00**
- No. 9 - 1978 (21)**                      **ISSN 0730-0107**                      **ISBN 0-942182-20-0**  
**Two Korea's Unification Policy and Strategy (Yong Soon Yim) 82 pp. Index**                      **\$2.00**

*1979 Series*

- No. 1 - 1979 (22)**                      **ISSN 0730-0107**                      **ISBN 0-942182-21-9**  
**Asian Immigrants and Their Status in the U.S. (Edited by Hungdah Chiu) 54 pp.**                      **\$2.00**
- No. 2 - 1979 (23)**                      **ISSN 0730-0107**                      **ISBN 0-942182-22-7**  
**Social Disorder in Peking After the 1976 Earthquake Revealed by a Chinese Legal Documents (Hungdah Chiu) 20 pp.**                      **\$2.00**
- No. 3 - 1979 (24)**                      **ISSN 0730-0107**                      **ISBN 0-942182-23-5**  
**The Dragon and the Eagle — A Study of U.S.-People's Republic of China Relations in Civil Air Transport (Jack C. Young) 65 pp.**                      **\$3.00**
- No. 4 - 1979 (25)**                      **ISSN 0730-0107**                      **ISBN 0-942182-24-3**  
**Chinese Women Writers Today (Edited by Wai-lim Yip and William Tay) 108 pp.**                      **\$3.00**
- No. 5 - 1979 (26)**                      **ISSN 0730-0107**                      **ISBN 0-942182-25-1**  
**Certain Legal Aspects of Recognizing the People's Republic of China (Hungdah Chiu) 49 pp.**                      **\$2.00**
- No. 6 - 1979 (27)**                      **ISSN 0730-0107**                      **ISBN 0-942182-26-X**  
**China's Nationalization of Foreign Firms: The Politics of Hostage Capitalism, 1949-1957 (Thomas N. Thompson) 80 pp. Index**                      **\$3.00**
- No. 7 - 1979 (28)**                      **ISSN 0730-0107**                      **ISBN 0-942182-27-8**  
**U.S. Status of Force Agreement with Asian Countries: Selected Studies (Charles Cochran and Hungdah Chiu) 130 pp. Index**                      **\$2.50**
- No. 8 - 1979 (29)**                      **ISSN 0730-0107**                      **ISBN 0-942182-28-6**  
**China's Foreign Aid in 1978 (John F. Copper) 45 pp.**                      **\$2.00**

### *1980 Series*

- No. 1 - 1980 (30)**                      **ISSN 0730-0107**                      **ISBN 0-942182-29-4**  
The Chinese Connection and Normalization (Edited by Hungdah Chiu  
and Karen Murphy) 200 pp. Index                      \$5.00
- No. 2 - 1980 (31)**                      **ISSN 0730-0107**                      **ISBN 0-942182-30-8**  
The Conceptual Foundations of U.S. China Policy: A Critical Review  
(James C. Hsiung) 17 pp.                      \$1.00
- No. 3 - 1980 (32)**                      **ISSN 0730-0107**                      **ISBN 0-942182-31-6**  
Policy, Proliferation and the Nuclear Proliferation Treaty: U.S. Strategies  
and South Asian Prospects (Joanne Finegan) 61 pp.                      \$2.50
- No. 4 - 1980 (33)**                      **ISSN 0730-0107**                      **ISBN 0-942182-32-4**  
A Comparative Study of Judicial Review Under Nationalist Chinese and  
American Constitutional Law (Jyh-pin Fa) 200 pp. Index                      \$3.50
- No. 5 - 1980 (34)**                      **ISSN 0730-0107**                      **ISBN 0-942182-33-2**  
Certain Problems in Recent Law Reform in the People's Republic of China  
(Hungdah Chiu) 34 pp.                      \$1.50
- No. 6 - 1980 (35)**                      **ISSN 0730-0107**                      **ISBN 0-942182-34-0**  
China's New Criminal & Criminal Procedure Codes (Hungdah Chiu) 16  
pp.                      \$1.00
- No. 7 - 1980 (36)**                      **ISSN 0730-0107**                      **ISBN 0-942182-35-9**  
China's Foreign Relations: Selected Studies (Edited by F. Gilbert Chan &  
Ka-che Yip) 115 pp. (out of print)                      \$3.00
- No. 8 - 1980 (37)**                      **ISSN 0730-0107**                      **ISBN 0-942182-36-7**  
Annual Review of Selected Books on Contemporary Asian Studies (1979-  
1980) (Edited by John F. Copper) 45 pp.                      \$2.00

### *1981 Series*

- No. 1 - 1981 (38)**                      **ISSN 0730-0107**                      **ISBN 0-942182-37-5**  
Structural Changes in the Organization and Operation of China's Criminal  
Justice System (Hungdah Chiu) 31 pp.                      \$1.50
- No. 2 - 1981 (39)**                      **ISSN 0730-0107**                      **ISBN 0-942182-38-3**  
Readjustment and Reform in the Chinese Economy (Jan S. Prybyla) 58 pp.                      \$1.00

- No. 3 - 1981 (40)                      ISSN 0730-0107                      ISBN 0-942182-39-1**  
 Symposium on the Trial of Gang of Four and Its Implication in China  
 (Edited by James C. Hsiung) 118 pp.                      \$2.50
- No. 4 - 1981 (41)                      ISSN 0730-0107                      ISBN 0-942182-40-5**  
 China and the Law of the Sea Conference (Hungdah Chiu) 30 pp.                      \$2.00
- No. 5 - 1981 (42)                      ISSN 0730-0107                      ISBN 0-942182-41-3**  
 China's Foreign Aid in 1979-80 (John Franklin Copper) 54 pp.                      \$2.00
- No. 6 - 1981 (43)                      ISSN 0730-0107                      ISBN 0-942182-42-1**  
 Chinese Regionalism: Yesterday and Today (Franz Michael) 35 pp.                      \$2.00
- No. 7 - 1981 (44)                      ISSN 0730-0107                      ISBN 0-942182-43-X**  
 Elite Conflict in the Post-Mao China (Parris H. Chang) 40 pp.                      \$2.00  
 (Out of print, please order No. 2 - 1983 (55) for a revised version of this item.)
- No. 8 - 1981 (45)                      ISSN 0730-0107                      ISBN 0-942182-44-8**  
 Proceedings of Conference on Multi-system Nations and International  
 Law: International Status of Germany, Korea, and China (Edited by  
 Hungdah Chiu and Robert Downen) 203 pp. Index                      \$5.00

*1982 Series*

- No. 1 - 1982 (46)                      ISSN 0730-0107                      ISBN 0-942182-45-6**  
 Socialist Legalism: Reform and Continuity in Post-Mao People's Republic  
 of China (Hungdah Chiu) 35 pp.                      \$2.00
- No. 2 - 1982 (47)                      ISSN 0730-0107                      ISBN 0-942182-46-4**  
 Kampuchea, The Endless Tug of War (Justus M. Van der Kroef) 51 pp.                      \$2.50
- No. 3 - 1982 (48)                      ISSN 0730-0107                      ISBN 0-942182-47-2**  
 Social Change on Mainland China and Taiwan, 1949-1980 (Alan P.L. Liu)  
 55 pp.                      \$3.00
- No. 4 - 1982 (49)                      ISSN 0730-0107                      ISBN 0-942182-48-0**  
 Taiwan's Security and United States Policy: Executive and Congressional  
 Strategies in 1978-1979 (Michael S. Frost) 39 pp.                      \$2.50
- No. 5 - 1982 (50)                      ISSN 0730-0107                      ISBN 0-942182-49-9**  
 Constitutional Revolution in Japanese Law, Society and Politics (Law-  
 rence W. Beer) 35 pp.                      \$2.00
- No. 6 - 1982 (51)                      ISSN 0730-0107                      ISBN 0-942182-50-2**  
 Review of Selected Books on Contemporary Asian Studies, 1981-1982 (Ed-  
 ited by David Salem, Roy Werner and Lyushen Shen) 67 pp.                      \$2.00



- No. 3 - 1984 (62)**                      **ISSN 0730-0107**                      **ISBN 0-942182-62-6**  
 Legal Problems of Seabed Boundary Delimitation in the East China Sea  
 (Ying-jeou Ma) 308 pp. Index \$10.00  
 (Hardcover edition published in *Maryland Studies in East Asian Law and Politics Series*, No. 4 ISBN 0-942182-63-4) \$15.00
- No. 4 - 1984 (63)**                      **ISSN 0730-0107**                      **ISBN 0-942182-64-2**  
 A New Direction in Japanese Defense Policy: Views from the Liberal  
 Democratic Party Diet Members (Steven Kent Vogel) 63 pp. \$3.00
- No. 5 - 1984 (64)**                      **ISSN 0730-0107**                      **ISBN 0-942182-65-0**  
 (Hardcover) 0-942182-66-9  
 Taiwan's Elections: Political Development and Democratization in the  
 Republic of China (John F. Copper with George P. Chen) 180 pp.  
 Index (Hardcover \$10.00) (Paperback) \$5.00
- No. 6 - 1984 (65)**                      **ISSN 0730-0107**                      **ISBN 0-942182-67-7**  
 Cankao Xiaoxi: Foreign News in the Propaganda System of the People's  
 Republic of China (Jörg-Meinhard Rudolph) 174 pp. Index \$5.00

*1985 Series*

- No. 1 - 1985 (66)**                      **ISSN 0730-0107**                      **ISBN 0-942182-68-5**  
 The Political Basis of the Economic and Social Development in the Republic  
 of China (Alan P. L. Liu) 22 pp. \$2.00
- No. 2 - 1985 (67)**                      **ISSN 0730-0107**                      **ISBN 0-942182-69-3**  
 The Legal System and Criminal Responsibility of Intellectuals in the People's  
 Republic of China, 1949-1982 (Carlos Wing-hung Lo) 125 pp.  
 Index \$5.00
- No. 3 - 1985 (68)**                      **ISSN 0730-0107**                      **ISBN 0-942182-70-7**  
 Symposium on Hong Kong: 1997 (Edited by Hungdah Chiu), 100 pp.  
 Index \$4.00
- No. 4 - 1985 (69)**                      **ISSN 0730-0107**                      **ISBN 0-942182-71-5**  
 The 1982 Chinese Constitution and the Rule of Law (Hungdah Chiu), 18  
 pp. \$2.00
- No. 5 - 1985 (70)**                      **ISSN 0730-0107**                      **ISBN 0-942182-72-3**  
 Peking's Negotiating Style: A Case study of U.S.-PRC Normalization  
 (Jaw-Ling Joanne Chang), 22 pp. \$2.00
- No. 6 - 1985 (71)**                      **ISSN 0730-0107**                      **ISBN 0-942182-73-1**  
 China's Marine Environmental Protection Law: The Dragon Creeping in  
 Murky Waters (Mitchell A. Silk), 32 pp. \$3.00

### *1986 Series*

- No. 1 - 1986 (72)                      ISSN 0730-0107                      ISBN 0-942182-74-X  
From Tradition to Modernity: A Socio-Historical Interpretation on  
China's Struggle toward Modernization Since the Mid-19th Century  
(Wen-hui Tsai), 76 pp.                      \$4.00
- No. 2 - 1986 (73)                      ISSN 0730-0107                      ISBN 0-942182-75-8  
Peace and Unification in Korea and International Law (Byung-Hwa  
Lyou), 205 pp. Index.                      \$8.00
- No. 3 - 1986 (74)                      ISSN 0730-0107                      ISBN 0-942182-76-6  
The Hong Kong Agreement and American Foreign Policy (Hungdah  
Chiu), 18 pp.                      \$2.00
- No. 4. - 1986 (75)                      ISSN 0730-0107                      ISBN 0-942182-77-4  
United States-China Normalization: An Evaluation of Foreign Policy De-  
cision Making (Jaw-ling Joanne Chang), copublished with Mono-  
graph Series in World Affairs, University of Denver, 246 pp. Index.                      \$8.00  
(Hardcover edition published in Maryland Studies in East Asian Law and Politics  
Series, No. 7. ISBN 0-942182-78-2)                      \$12.00
- No. 5. - 1986 (76)                      ISSN 0730-0107                      ISBN 0-942182-79-0  
Communications and China's National Integration: An Analysis of *Peo-  
ple's Daily* and *Central Daily* on the China Reunification Issue  
(Shuhua Chang), 205 pp.                      \$8.00
- No. 6. - 1986 (77)                      ISSN 0730-0107                      ISBN 0-942182-80-4  
Since Aquino: The Philippine Tangle and the United States (Justus M. van  
der Kroef), 73 pp.                      \$3.00

### *1987 Series*

- No. 1. - 1987 (78)                      ISSN 0730-0107                      ISBN 0-942182-81-2  
An Analysis of the U.S.-China Nuclear Energy Cooperation Agreement  
(Benjamin Chin), 40 pp.                      \$3.00
- No. 2. - 1987 (79)                      ISSN 0730-0107                      ISBN 0-942182-82-0  
Survey of Recent Developments in China (Mainland and Taiwan), 1985-  
1986 (edited by Hungdah Chiu, with the assistance of Jaw-ling Joanne  
Chang), 222 pp. Index                      \$8.00
- No. 3. - 1987 (80)                      ISSN 0730-0107                      ISBN 0-942182-83-9  
Democratizing Transition in Taiwan (Yangsun Chou and Andrew J. Na-  
than), 24 pp.                      \$2.00





## MARYLAND STUDIES IN EAST ASIAN LAW AND POLITICS SERIES

(The following books are published under the auspices or co-auspices of the East Asian Legal Studies Program of the University of Maryland School of Law. The views expressed in each book reflect only those of the author. All books published in hard cover edition.)

1. Hungdah Chiu, *China and the Taiwan Issue*. New York: Praeger Publishers, A Division of Holt, Rinehart and Winston/CBS, Inc., 1979. 295 pp.  
ISBN No.: 0-03-048911-3 \$34.95
2. Hungdah Chiu, *Agreements of the People's Republic of China, 1966-1980: A Calendar*. New York: Praeger Publishers, A Division of Holt, Rinehart and Winston/CBS, Inc., 1981. 329 pp.  
ISBN No.: 0-03-059443-X \$39.95
3. David Salem, *The People's Republic of China, International Law and Arms Control*. Baltimore: University of Maryland School of Law OPRSCAS,\* 1983. 325 pp.  
ISBN No.: 0-942182-59-6 \$15.00
4. Ying-jeou Ma, *Legal Problems of Seabed Boundary Delimitation in the East China Sea*. Baltimore: University of Maryland OPRSCAS,\* 1984. 308 pp.  
ISBN No.: 0-942182-63-4 \$15.00
5. Hungdah Chiu and Shao-chuan Leng, editors, *China: 70 Years After the 1911 Hsin-hai Revolution*. Charlottesville, Virginia: University Press of Virginia, 1984. 600 pp.  
(Published under the co-auspices of the Committee on Asian Studies, University of Virginia.)  
ISBN No.: 0-8138-1027-7 \$20.00
6. Shao-chuan Leng and Hungdah Chiu, *Criminal Justice in Post-Mao China*. Albany, New York: State University of New York Press, 1985. 325 pp.  
(Published under the co-auspices of Committee on Asian Studies, University of Virginia.)  
ISBN No. 0-87395-950-7 (hardcover) \$39.95  
ISBN No. 0-87395-948-5 (paperback) \$19.95
7. Jaw-ling Joanne Chang, *United States-China Normalization: An Evaluation of Foreign Policy Decision Making*. Baltimore: University of Maryland School of Law OPRSCAS,\* 1986. 246 pp. (Copublished with Monograph Series in World Affairs, University of Denver)  
ISBN No. 0-942182-78-2 \$12.00

---

\* Occasional Papers/Reprints Series in Contemporary Asian Studies, Inc., 500 West Baltimore St., Baltimore, Maryland 21201. (Tel. (301) 328-3870).

8. Lester Ross and Mitchell A. Silk, *Environmental Law and Policy in China*. Westport, CT: Greenwood Press (Quorum Books), 1987. 449 pp. \$75.00
9. Hungdah Chiu, Y.C. Jao and Yuan-li Wu, editors, *The Future of Hong Kong: Toward 1997 and Beyond*. Westport, CT: Greenwood Press (Quorum Books), 1987. 262 pp. \$45.00
10. Ray S. Cline and Hungdah Chiu, eds., *The United States and Constitutionalism in China*. Washington, D.C.: U.S. Global Strategy Council, 1988. Distributed by OPRSCAS. 166 pp. Paper \$8.00

-----  
**ORDER FORM**

To Occasional Papers/Reprints Series in Contemporary Asian Studies,  
University of Maryland School of Law, 500 West Baltimore Street,  
Baltimore, Maryland 21201, U.S.A.

Check One:

Please Send:

<i>No.</i>	<i>Author</i>	<i>Title</i>	<i>Copies</i>
------------	---------------	--------------	---------------

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please start my subscription of the OPRSCAS: Starting issue

\_\_\_\_\_

Subscription price is U.S. \$15.00 for 6 issues (regardless of the price of individual issues in the U.S. and Canada and \$20.00 for overseas.)

My check of U.S. \$ \_\_\_\_\_ is enclosed \_\_\_\_\_  
copy(s) of invoice/receipt required. (Institution/library may request  
billing before making payment) (Make check payable to OPRSCAS)  
(Please add postage/handling of \$1.50 for one to three copies and \$0.50  
for each additional copy.)

Please send book to:  
Name/Corp./Library:  
Address: (Please include zip code)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

-----