

Working Paper

“The EU and China’s Special Administrative Regions: New Challenges and Possibilities”¹

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Abstract:

Relations between the European Union and China’s two Special Administrative Regions since the retrocession of Hong Kong and Macau may not have been in the limelight but it would be a mistake to regard them as mere footnotes of the wider EU-China linkages.

As two separate customs territories and as laboratories of the One Country Two Systems, Macau and Hong Kong stand as bulwarks of the rule of law carrying institutional and cultural features of some of EU’s most cherished values.

EU’s approach to the two regions has been crafted taking into account the distinctive cultural, historic, economic and societal characteristics of Macau and Hong Kong. Cooperation with Hong Kong has underpinned the city’s role as East Asia’s major financial hub and as a doorway to China. More recently, the European Commission has spelled out seven key areas: trade and customs, finance, people to people links (including academia), transport, environment, health or food safety.

The relationship between Macau and the EU is based on a trade agreement, which covers a wide range of fields. Macau’s European (namely Portuguese) heritage, cultural industries, education and environment are regarded as cornerstones of EU’s linkages with Macau.

In both regions, several institutions have been involved in cooperation programs reflecting the multi-level nature of the cooperation. The EU has been reaching out to the Chambers of Commerce and setting up new partnerships with local higher education institutions and training centers. The European Union Business Information Program is clear example of this approach. More recently the newly established European Union Academic Program takes cooperation to a new level with more emphasis on people-to-people links and academic exchanges. All this fits into EU’s soft power offensive. The SARs have been used as platforms for the project of EU’s set of values and its approach to food safety, environmental protection, intellectual property rights or overall regulatory framework.

The ongoing public debt crisis and the crisis of the euro pose significant challenges to the actors involved in this undertaking. On the other hand, as Macau and Hong Kong are gradually integrated in the Pearl River Delta zone, the SARs role as gateways may be skillfully used by the EU and European companies to gain more market access.

The integration also entails challenges with regards to the fears of a loss of identity and substantial autonomy, which could pave the way for a gradual erosion of the cities’ distinctiveness.