

**JULY 2012** 

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#### HONOR [Kuei]

We "honor" that which is worthy, or of high worth - an idea implicit in the Chinese character Kuei literally a basket of "cowrie shell" currency. In ancient time,only the wealthy aristocracy was considered worthy of honor.For this reason, Kuei also signifies expensive.

As Chinese philosophy developed, so did the concept of honor. Confucius taught his aristocratic students to set an example to the masses by honoring all those with whom they came in contact, regardless of their wealth. In Taoism, honor came an inner quality "more precious than the finest jade", yet concealed beneath humble garments.

From the book "The Spirit of the Chinese Character - Gifts from the Heart" by Barbara Aria with Rusell Eng Gon



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#### **DIRECTOR** Victor Chan Chi Ping

**EXECUTIVE EDITOR** Alberto, Au Kam Va

EDITOR

Eva Lei Sao lok

#### PUBLISHER

Government Information Bureau (GCS) of the Macao SAR Address: 15/Floor, China Plaza Building, Avenida da Praia Grande, 762 - 804 Macao, China Phone: + 853 2833 2886 Fax: + 853 2835 5426 E-mail: info@gcs.gov.mo

#### PRODUCER AND DISTRIBUTOR

Macaolink News and Information Services, Limited Address: 10/Floor I, The Macau Square, 43 - 53A, Av. Infante D. Henrique Macao, China Phone: + 853 2835 5315 Fax: + 853 2835 5466 E-mail: macaulink@macaulink.com.mo

#### EDITOR-IN-CHIEF

Gonçalo César de Sá

#### CONTRIBUTORS

Allan Salas (photos), António Escobar, Carmo Correia (photos), Catarina Aleixo, Christian Ritter, Eric Tam (photos), Fernando Correia, Filipa Queiróz, Gonçalo L. Pinheiro (photos), Hélder Beja, José Carlos Matias, José Goulão (photos), José S. Morais, Kirsty Ridge (copy editing), Klinger Portella, Louise do Rosário, Luís Almoster (photos), Luo Xunzhi, Marco Antinossi, Mark O'Neill, Mércia Gonçalves (photos), Ou Nian-le, Patrícia M. Pereira (photos), Rafael Bié, Rita Álvarez Tudela (photos), Sacha Matuszak, Thomas Chan, Wong Sang (photos)

#### COVER PHOTO

Eric Tam

#### NEWS AGENCIES

MacauNews, Xinhua and AFP

#### **GRAPHIC DESIGN**

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## Chinese investment in Portugal

# The dragon goes to the debutantes' ball

By Miguel de Brito in Lisbon

Chairman of the Three Gorges Corporation Cao Guangjing (L), and Joaquim Reis (R) of Parpublica sign a contract for the acquisition of 21.35 per cent stake of Energias de Portugal (EDP) by the Chinese company. The first meeting of the Portuguese and the Chinese, so history tells us, was on the shores of the Indian Ocean 500 years ago, when merchants from both countries crossed paths in Malacca. Forging ahead in building relationships, engaged in private enterprises approved by the king, the Portuguese traders began to make journeys that brought them ever closer to China. Eventually they reached the Chinese ports and set up a trading post in Macao.

Five centuries later a new trading era is emerging between two longstanding partners. The story is being re-told, but now the trade is travelling in the opposite direction. Now China is making the journey to Portugal. And it's not the Chinese government who are making the trip, but Chinese state companies who have decided to invest in Portugal.

As it did 500 years ago, the relationship between Portugal and China brings the whole of Europe along with it. The figures are clear. Weakened by the sovereign debt crisis, companies have a dearth of capital. In addition, European assets have become much cheaper, making Europe in 2011the biggest destination for Chinese foreign investment.

The European market has thus deposed the United States for the first time. It has mainly attracted Chinese companies that want to expand into more developed sectors, just as the Portuguese merchants were seeking more developed markets 500 years ago. And just like the 16th-century merchants had Lisbon's support, Chinese companies now have Beijing's backing.

"Some European countries are facing a debt crisis that means they want to convert assets into capital and would like Chinese capital to buy their companies. We are going to watch carefully and encourage progress," China's Trade Minister, Chen Deming said in 2011.

With over US\$3.2 trillion in foreign reserves – more than any other country in the world – China has no financial constraints on buying up European assets.

Chinese companies have acquired stakes in a London water distribution company; in Elkem, a European chemicals company; in Germany's machinery manufacturer Putzmeister; and in Italian luxury yacht builder Ferretti.

In total, in 2011 alone, Europe attracted around US\$10 billion in Chinese investment, which accounted for 34 percent of Chinese mergers and acquisitions outside the country, as compared to 27 percent for Asia and 21 percent for the United States.

#### The red carpet

China has become a VIP in Europe, and Portugal is Beijing's guest at the party.

The biggest-ever acquisition by a Chinese company in Europe was of a stake in Portuguese power company EDP. China Three Gorges (CTG) paid a total of 2.7 billion euros – more than a quarter of total Chinese investment in Europe in 2011 – for 21.35 percent of the company, at that point in the hands of the Portuguese State.

João Duque, a university professor of management at Lisbon's Instituto Superior de Economia e Gestão (ISEG), and member of the Consultation Board of Instituto de Gestão do Crédito Público (Institute for Management of Public Debt), notes the strategic possibilities that investment in EDP opens up for CTG and China.

"It's not easy to find a country that opens up the way to such a high percentage stake in a utility company, such as an electricity firm. I don't know of any similar cases in other European countries," he said.

In order to secure the investment, CTG had to pay a 53 percent premium on the company's closing share price the day before proposals were presented, or 3.45 euros per share, as compared to 3.25 euros offered by Germany's EON and 3.28 euros offered by Brazil's Eletrobras.

China State Grid paid 2.9 euros per share for a stake in Portuguese power grid company REN, which was a 40 percent premium on the closing share price, ahead of proposal presentations, on 19 January, to a total of 287.15 million euros.

"The sale of a stake like the one in EDP is a rare opportunity in the market. There are no large stakes for sale like the one that CTG has in EDP, in companies with the same market share as the power company has in Portugal and in sectors such as those providing utilities services, with the strategic and national dependence it has," he noted.

For Portugal, Duque said, the EDP deal involved "two types of investment". Firstly, the investment in a shareholding, in which a stake is taken, and is a secondary market operation, in which the State shareholder sells its stake in a company and takes the cash. This allows the State to inject cash into the economy, via capital goods or consumption."

"There is also investment that can be made directly in the companies, as outlined in the EDP sales agreement,



Chinese President Hu Jintao, with the President of Portugal Cavaco e Silva, during his 2010 visit to Lisbon.

which outlines further injections of capital in the companies. And thus we may get a company that is more focused on the market and, apparently, less subject to political pressures," said Duque.

The acquisition of EDP for Portugal was one of the few items of good news since the country was forced to ask for a financial bailout in May 2011. The announcement of the sale to CTG was made just before Christmas, and some even called it "Portugal's Father Christmas".

At the time, Alberto Forchielli, a partner of private equity firm Mandarin Capital Partners, which is Chinese and European-owned, noted that profit per share and return on investment for CTG for this deal would be lower than average, and that it had paid too much. But he added that the company was in the happy position of being able to proceed in this way because "it probably benefits from cheap funding from Chinese banks".

According to press reports, the German Chancellor Angela Merkel and Brazilian President Dilma Roussef

spoke to the Portuguese government on behalf of the proposals from their countries, but China was always likely to win out because the price demanded "was probably too high for Western shareholders to accept".

For CTG profitability in the short term is not an issue as it expands to Portugal. As a Chinese source noted, "Even more so than REN, the acquisition of a stake in EDP was strategic. CTG didn't want to make money from EDP, or at least not in the next three or four years. In fact, it is not even concerned if it loses money, because it sees losing money as the price you have to pay in order to reap the other benefits of the acquisition."

CTG is a company with a small international presence, with experience mainly in the construction and public-works sector. What it expects to get from its acquisition of EDP is mainly the expertise that will allow it to manage a strategic business sector such as energy in a liberalised market and in a developed country. "CTG promised the Chinese State around 12 percent growth, and that 12 percent will come from China. So, it does not need to invest in EDP to grow. What the company wants from EDP is to learn how to manage the business and gain management and internationalisation skills," said the source.

EDP was thus the first waltz between the centuriesold partners of Portugal and China, who had not paired up for such important dances for a long time. The party is in Europe and the red carpet is the energy sector.

A few months after CTG bought its stake in EDP, China State Grid acquired a 25 percent stake in Portugal's national power grid REN for 387.15 million euros, and in March 2012, Chinese oil company Sinopec bought 30 percent of the Brazilian subsidiary of its Portuguese counterpart Galp Energia. All of this, as João Duque says, is an economic debutantes' ball.



Chairman of the Chinese energy company Three Gorges Corporation (TGC), Cao Guangjing

#### The first waltz

CTG may have overpaid for EDP, but the investment is a good metaphor for this internationalisation stage of the Chinese economy, to which the European public debt has added further nuances.

"The European public debt crisis has brought a new element to relations between China and Europe," because in terms of public opinion China is finally seen as a help rather than as a threat, said the source, noting that China wants to help. But Beijing is aware that this is also an opportunity to expand the interests of its companies in Europe, which it considers to be as legitimate as those of any other country.

"Following this logic of a newcomer to a market where there are already more established players, it makes economic sense that China paid more than the market value," said João Duque.

Trust, a relationship lasting five centuries, and Portugal's need for capital, however, have made that ticket for the dance (whether it is EDP, REN, or Galp) cheaper than for other dances, as the president of the Chinese League in Portugal, Y Ping Chow told Macao Magazine.

"For a Chinese company that wants to come to Europe, and to internationalise its business, it is cheaper to come to Portugal than to come in via another country, like France or Germany," said Y Ping Chow.

Although expensive, the cost of buying stakes in REN and in EDP reflects other values, which are not on a balance sheet but have an economic value, according to Duque.

"A presence in Portugal allows China to show that it is a constructive partner that will not harm anyone. This is the best place to do it, because it is a very small market. If the premium to be paid is a large one in absolute terms, it is small in terms of its relative size. If a Chinese company wanted to take a similar stake in EDF, the French power company, for example, it would have to pay a fortune. The size of the investment would be much larger," said the university professor.

"This is perhaps a good way to explain why China sees Portugal as an interesting market. It is a cheap way of giving an example to the world, of China building acceptable relationships with local institutions and stakeholders, to prove that it is not frightening and that in fact, it is a trustworthy model," he added. Another aspect is the possibility for expansion to other European markets that the investment in Portuguese companies allows. "The Portuguese market, let's admit it, is small. And CTG would have difficulties expanding to other places in Europe on its own. But it will be different if it is EDP buying the assets, because nobody can accuse Three Gorges of being a figurehead for China as it would share the capital with other companies," said the same Chinese source.

This allows Chinese companies to diversify their investment in Portugal, and allows the Portuguese groups a foothold in China and to have partners with enough capital to expand the business.

#### A New Opportunity

China's big business deals in Portugal show, according to observers, that the interest of Chinese state companies lies in fixed and physical assets –mainly in companies that have strategic assets – and not in capital. It also shows that they are willing to pledge continued and sustained investment in

order to make their offers more attractive.

In EDP's case, as well as the value of the acquisition, CTG pledged to finance the Portuguese company to the tune of another 2 billion euros, with the possibility of a further 2 billion after that.

The fact is that China, driven by its investments and now from a base in Portugal, has changed from a distant but important trading partner, into a fullyfledged player in European economic politics, whose acts and decisions have far greater consequences than even China could recently have predicted.

"Chinese cash is important for Europe, and the funding that China brings to European economies makes it possible to increase foreign investment, increase tax revenues, save jobs and, in the case of countries that are still developing their infrastructure, carry out projects in a cheaper way," said the source.

It is therefore a new opportunity of which the Portuguese government is aware and wants to take advantage, as the Assistant Secretary of State for the Economy and Regional Development, António Almeida Henriques told Macao Magazine.



"At a time like this, it is extremely important for Portugal to have the capacity to attract Chinese investment, not only because of the positioning it will allow the country to achieve, but also, and above all, for the injection of capital that is being given to Portugal at the moment," said Almeida Henriques.

"It is clearly a new gateway that is opening up for Portugal. The Asian continent, and specifically China, is an immense market to which Portuguese companies will be able to export their products and grow from there," he added.

Y Ping Chow also didn't hesitate to call the Chinese investment in EDP and in REN "strategic". He said it could benefit Portugal, for example, in terms of raising its profile and greater closeness between Portuguese and Chinese business people, whether dealing with private or state-owned Chinese companies.

"Chinese business people are looking with interest at investments in Portugal. This will automatically attract other investments, to other companies that have business relationships with, or are dependent upon, EDP and REN," he said.

"At the moment everyone wants to attract Chinese investment, but China does not have many strategic companies that can invest abroad. Therefore from my point of view, the biggest investment can currently be made through small and medium-sized companies, with less visibility, but which may have a faster effect," he said.

The banking sector is also expected to boost Chinese investment in Portugal. The China Development Bank already has agreements with Banco Espírito Santo (BES). The Industrial and Commercial Bank of China (ICBC) has an agreement with Millennium BCP, whilst the Bank of China has established agreements with BPI. However, it is likely that the Portuguese financial sector will soon directly involve Chinese brands.

"It is possible that the Chinese banks will come after the existing investment, specifically when EDP needs funding. As it already has guarantees and a shareholder that can open up the gates of the market, I believe that could happen," said João Duque, noting that opening up Chinese Ioan institutions in Portugal brings several advantages.

And although it is clear that an increasing number of observers say that it is only a matter of time until a Chinese bank takes a stake in one of the large Portuguese banks (possibly in Millennium BCP), according to Y Ping Chow it makes more sense for Chinese institutions to set themselves up alone in Portugal.

"It is a private and personal opinion but, from my point of view, they may even be more interested in Chinese banks setting up subsidiaries here and working independently (...) but this does not mean there is no interest from Chinese banks to take stakes in Portuguese banks."

"For the Chinese companies there is greater interest in the banks having their own branches because, after all, at the moment they are showing more interest in working with the Chinese companies than actually loaning money to Portuguese companies. That's what the Portuguese banks are for," said Y Ping Chow.

#### Save the next dance

Not everything was a breeze, however, when the Chinese companies came into Europe. According to a Portuguese government source, there were European Union partners who advised Portugal to be less welcoming to investment from China. The greatest challenges faced by Chinese investors, however, are "in house".

"The biggest difficulties I can foresee for Chinese companies in Europe include a lack of experience in doing business in these markets and not knowing European laws, as well as a lack of staff who can then consolidate the acquisitions," said the Chinese state official. He noted that concern that Europe might become more hostile to Chinese investment in the future had led Beijing to allow negotiations to begin for signing an investment agreement between the EU and China.

However, negotiations for this agreement are still at a very early stage, and there have been no developments since the EU-China summit in February of this year, which ended with only a joint statement on the matter.

It is thus now time to consolidate the advances made and to make more investments, from the Chinese and the European point of view, and to try to understand how the two sides can move forward. The relationship between Portugal and China can set an example for the rest of Europe, according to observers.

The most consensual way to do this is what might



Chinese Vice Premier Li Keqiang (R) meets with Portuguese Minister of State and Foreign Minister Paulo Portas in Beijing in July 2012

be called the Malacca Model. Some 500 years ago Portuguese and Chinese merchants negotiated together before selling their goods in more competitive and stronger markets.

As they did then, these new partnerships now suggested by the players in the markets also involve cooperation in other markets as a way of developing a relationship that began at EDP, REN and Galp. And, as is the case for Galp where Portuguese-Chinese cooperation is already under way in a Portuguesespeaking market, this also seems to be the likely route for the other two energy-sector companies.

"This natural link to Portuguese-speaking countries is also a competitive factor for Portugal on the international stage. It allows Portugal to triangulate with China as a way of taking advantage of this relationship, to grow in that market," said the secretary of State Almeida Henriques, echoing an idea of João Duque.

According to Duque this is the time to boost relations between the two countries, but in the Chinese market. "To leverage this relationship China needs to allow Portuguese companies to easily place its products in the country and to ask China to show the same level of openness that Portugal has shown," he said.

It was with this in mind that Portugal's Foreign Affairs Minister, Paulo Portas, visited China in July.

Portas was accompanied by around 50 business people in what Lisbon said was the biggest mission of its kind in the last five years, and included representatives from the agri-food, banking, information technology, logistics, and constructionmaterials sectors.

Y Ping Chow also said that the future consolidation of Chinese investments would involve Africa and the clean-energy or environmental industries sectors, on which China has decided to focus.

"Following the acquisition of stakes in EDP and REN, companies have emerged that are seeking investment, mainly linked to energy and the environment. This is because many Chinese business people from these sectors, with the help of EDP and REN, would like to go into Africa, where the Portuguese companies have an advantage," he said.

To put it another way, at the beginning of a new century, Portugal and China, who have been partners for 500 years, are still getting ready for another dance. Not all relationships do so well over time.



Wang Zhizhen, vice chairwoman of the National Committee of the Chinese People's Political Consultative Conference and special representative of President Hu Jintao, meets with Timor-Leste's new President Taur Matan Ruak in Dili



## Timor embraces China

Hélder Beja in Dili

Beijing's support in essential areas such as construction and agriculture is bolstering development in East Timor. Both East Timor's president and its prime minister welcome the local Chinese community and cherish the special relationship the tiny Southeast Asian country has with Macao.

#### China the visible partner

In Díli, East Timor's capital city, you can sense China on the street. It's common to see vans racing down the road filled with Chinese workers, all heading to different sites for another day's work. The Chinese language can be heard throughout the city, and Chinese products are becoming increasingly common at the supermarket. Small Chinese businesses are also on the rise: little shops, restaurants and cheap places to stay where Chinese and Timorese people work side by side. The Chinese are not everywhere yet, but they are certainly ever more present in East Timor.

In the decade since East Timor's independence, which has been a period of some stability, China has played an important role in the country's rebuilding and development process. The Chinese government has provided East Timor with some of its most important state buildings. They include the Presidential Palace, the Ministry of Defence and the Ministry of Foreign Affairs, to name the most significant structures.

"Our relations with the People's Republic of China are excellent. We've established a good partnership, with the benefits enjoyed by a good relationship between our people," East Timor's recently elected president, Taur Matan-Ruak told Macao magazine. "Cooperation between our governments has been intense and fruitful. Chinese investment in our country has fantastic potential to grow and to extend into other areas," he added.

In 2010 trade between East Timor and China rose to US\$43.08 million, and last year the two countries signed cooperation agreements to develop East Timor and build infrastructure.

Taur Matan-Ruak sees Macao as an important bridge to China. "We have a longstanding relationship with Macao. Our cooperation has been based on our connection to the CPLP (Community of Portuguese-Speaking Countries) and I would like this cooperation to go further. Macao's investment is very welcome here and may positively contribute to us reaching our development goals," he said.

East Timor's prime minister, Xanana Gusmão, also has great expectations for cooperation with Macao. Gusmão expressed his feelings about Macao at a meeting with the deputy chairwoman of the National Committee of the Chinese People's Political Consultative Conference, Wang Zhizhen.



She represented China at the 10th anniversary of the Democratic Republic of East Timor in May. Gusmão said, "I told her that Macao gave meaning to the CPLP Forum and that it is a gateway for us and for the other CPLP countries to reach China. We really hope this will be kept going, so that the CPLP can have a forum in Asia where everyone is able to identify different opportunities for each country." Human resources training is another area of cooperation between the two countries, particularly between Timor and Macao. "We've sent many of our technicians there, on short-term training



programmes. And we also have students who go there on scholarships," the prime minister said.

Xanana Gusmão noted that relations with China were "excellent" and "an exemplary partnership" between a small country and an important world player. This relationship has witnessed its biggest successes in the construction sector. China built East Timor's Armed Forces General Headquarters, as well as developing a number of neighbourhoods in the country. Timor Plaza, a shopping mall located on the Comoro Road (connecting the capital city with the airport), was also built by Chinese corporations. It is

The National Parliament in Dili built by China

one of the best-looking buildings in and around Díli and one of only two with an elevator in the whole country. The other is the Ministry of Foreign Affairs. But Xanana Gusmão believes there are other areas where Chinese knowledge may play an important role in East Timor, particularly in agriculture. "China is supporting us in areas such as health care and human resources, but agriculture is fundamental. Based on what we've done together so far and on the support they have given us, we can expect to have greater rice production in the medium term. That would allow us to cut rice imports," he noted.



Wang Zhizhen special envoy of Chinese President Hu Jintao, and vice chairwoman of the National Committee of the Chinese People's Political Consultative Conference, shakes hands with Timor-Leste Prime Minister Xanana Gusmao

#### The Chinese as part of the country

Everyone talks about the growing of the Chinese community in East Timor. Xanana Gusmão prefers to make a distinction between two specific communities, however. "We have two Chinese communities: One that has been here for a long time and they are already Timorese; and another with Chinese people who came here to work for Chinese companies, or to try to invest in our country. They are good workers. They've been participating in the country's economy. Sometimes there are too many of them and they use a tourist visa to work, but we've been coordinating and resolving the situation."

President Taur Matan-Ruak adds that the Chinese community in East Timor has helped "to expand

the country's commercial connections" and is also important for its regional integration. "I would also like to stress the important role of many Timorese citizens with Chinese ancestry, some of them from families originally from Macao. Many of these compatriots have shown their strong feelings for this country in the various events in our recent history." Two-way relations between the countries are likely to redouble in the future. A year ago, a delegation of over 50 business people from mainland China and Macao visited East Timor seeking new investment opportunities. China has a strategic interest in Timor. It also aims to invest in the oil industry – the biggest driver of the East Timor economy - now that the country has set up its national oil company, Timor Gap.

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# **Fragile but Long-lasting**

Porcelain exhibition recalls era of China as world leader

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By Mark O'Neill

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For two millennia, China led the world in manufacturing porcelain, which it shipped in large quantities to all corners of the world. Only in the 18th century did Japan and Europe start to catch up. This remarkable story is the subject of an exhibition entitled 'Maritime Porcelain Road', currently on show on the third floor of the Macao Museum until 7 October. It traces the history of porcelain from the Eastern Han (AD 25–220) until the Qing dynasty (AD 1644–1911), including the sea routes which carried this precious commodity around the globe.

The Macao Museum is the first of three stops. At the end of the year, the exhibition will go to Guangdong Museum in Guangzhou, and in 2013 to the Hong Kong Museum of Art.

"Along the maritime porcelain road supported by these three cities, China's porcelain had a great influence on the lifestyle of foreign people, thanks to its practical and artistic properties," said Fang Jianhong, director-general of the Culture Bureau of Guangdong province.

"Ships sailing back from the West brought with them tastes of the exotic cultures of all the countries that they had passed. It served to add new elements to Chinese culture. The Maritime Porcelain Road has played an extremely important role in both the trading and cultural exchanges between China and the West. It is also a mirror that reflects the positive interactions in history between Guangdong, Hong Kong, Macao and the rest of the world," he said.

Ung Vai Meng, president of the Cultural Affairs Bureau of Macao, said: "Like a flowing thread linking communication, culture and people, the Pearl River has nurtured the Lingnan region for the past millennium, enlightening people's boundless creativity and wisdom."

#### Creating the exhibition

The exhibition contains 180 pieces from Guangzhou, Hong Kong and Macao; most come from Guangdong Museum and the Guangdong Archaeological Research Institute.

It is the second joint exhibition organised by the three places, falling on the 10th anniversary of the establishment of the Guangdong Pearl River Delta Cultural Co-operation network.

"As this was a collaborative project between three official organisations, the regulations were strict," said Chan leng Hin, director of the Macao Museum.



Detail from a blue-and-white vase from Jingdezhen ware. Ming Dynasty, Chongzhen reign (1628-1644)

"Each of the three has its own laws, methods and systems. This was a challenge. It went more smoothly than it might have done because we had the experience of the first joint exhibition to draw on.

"The pieces are very delicate, and the wrapping had to be done carefully. Transporting them was a headache. We agreed to entrust this to one particular company.

"The exhibition covers an enormous period of time, nearly 2,000 years, from the Eastern Han to the Qing. It also covers the history of the development of porcelain and the history of trade. There is a great variety of content," he said.

The exhibition first introduces the invention of porcelain and how it was transformed from pottery in the Eastern Han dynasty. Pottery dates back to over 10,000 years ago in China, to the Shang and Zhou dynasties. Mature celadon – a particular type

of Chinese glaze – was created in the Eastern Han. Porcelain was created in temperatures of 1,200 degrees centigrade, using white clay and porcelain stone. It was inexpensive to produce and temperature-resistant, both in the heat and the cold, making it both cheap and durable. It was these qualities that made it so popular among people in China and overseas.

China began to export the product during the Eastern Han, with ships carrying it to Vietnam, Indonesia, Burma, India, Ceylon, Iraq and Egypt. A map in the exhibition shows the routes taken by these ships; this was the maritime silk road, the sea equivalent of the land route from China through central Asia to Europe.

In 110 BC, Emperor Wu Di ordered officials to go to Southeast and South Asia to establish trade relations with countries in those regions.

#### Tang trade takes over

The manufacture and export of porcelain became one of the most important economic activities during the Tang (618–907) and Song (960–1279) dynasties.

During the Tang dynasty, China was the richest and most technologically advanced nation on earth and a major exporter of silk, lacquer-ware and porcelain. The centre of this maritime trade was Guangzhou, which was home to over 100,000 foreign merchants, including Persians, Arabs, Hindu Indians, Malays, Sinhalese, Khmers, Cham, Jews and Nestorian Christians from the Near East.

In 748, Jian Zhen, the Chinese monk who would take Buddhism to Japan, described Guangzhou as a bustling mercantile centre with large ships from Borneo, Persia and Java 'with spices, pearls and jade piled as high as a mountain'.

A member of the tribe of the Prophet Muhammad sailed from Ethiopia to Guangzhou with a copy of the Koran, and established China's first mosque there.

Large and well-equipped Chinese ships carried porcelain in substantial quantities to Persia, Mesopotamia, Arabia, Egypt, Ethiopia and Somalia. "Silk and porcelain were the most important exports for China during this period," said Chan. "Silk was more important initially but, after the Tang, porcelain took over because Europe had started to breed its own silkworms and make silk. But it took Europe much longer to master the technology of porcelain."

In 1998, fishermen found an Arabian dhow – an ancient sailing vessel – that had become shipwrecked near Belitung, an island on the east coast of Sumatra; in it they discovered 63,000 pieces of silver, gold and Tang ceramics. Scholars dated the wreck to about AD 830. The ship had travelled from Africa to China and had sunk on its return journey.



#### Shipwrecks during the Song

The exhibition contains pieces recovered from two Chinese ships that went down during the Southern Song (1127–1279). One was the Nanhai Number One, which sank 30 km off Yangjiang in Guangdong province. Bound for Southeast Asia or the Middle East, it was carrying 80,000 items, including gold rings and bracelets, as well as porcelain, of which 4,000 have been recovered.

It was discovered in 1987, and salvaged from the bottom of the ocean 20 years later. In December 2009, the futuristic Guangdong Maritime Silk Road Museum opened in Hailing, 280 km from Macao, to show some of the items. It was the oldest and bestpreserved ship ever found off the Chinese coast.

The other was Nan Ao Number One, which sank over 800 years ago a few miles off the coast of Shantou, Guangdong province. It had been loaded with tens of thousands of pieces of porcelain, mainly blue and white pieces, mostly from Zhangzhou, and a small number from Jingdezhen. It was salvaged in 2010. The exhibition is the first time that items from the Nan Ao have gone on public display.

It shows a wide range of porcelains from kilns in different provinces, including purple clay from Yixing, Jiangsu; white glaze from Dehua in Fujian; Shiwan from Foshan, and Guangcai from Guangzhou.

The Yuan dynasty (1279–1368) encouraged foreign trade, spreading out its dealings to 100 countries and regions. It was during the Yuan that Jingdezhen, in Jiangxi, began making porcelain; in the Ming and Qing dynasties, it became the national capital of the product, a title it has retained until today.

#### Macao as trans-shipment centre

Macao became an important trans-shipment centre for the trade in porcelain after the Portuguese established their settlement in 1557. For them, the export of porcelain was a major reason for settling on the coast of China. They used Macao and the nearby Shangchuan as their transit sites, to ship large quantities to Europe. The profit margin in this trade was substantial.

By AD 1600, Portuguese ships were carrying 60,000– 100,000 pieces to Lisbon, Amsterdam and other ports in Europe. The Portuguese used carracks, the sailing ships with three or four masts which they had invented; they and the Spanish used them to



Detail of a Guangcai vase from Qing Dynasty (1644-1911) produced for the Palace of the Portuguese government in Macao

explore the world in the 15th and 16th centuries. The Spanish called them 'carraca' and the French 'caraque', hence their name in English.

The Portuguese benefited from the ban on foreign trade imposed by the emperors of the late Ming emperors and early Qing. "The government turned a blind eye to this commerce by the Portuguese," said Chan. "They made large-scale exports to Europe. It was very profitable."

One of the most famous was the Santa Catharina, a Portuguese carrack of 150 tonnes seized by the Dutch East India Company in February 1603, en route from Macao to Melaka; it was laden with 1,200 bales of silk, musk and other valuable cargo from China and Japan.

Three Dutch ships overpowered the crew, who gave up the cargo and the ship in return for their own safety. The ships took the cargo to Amsterdam, where the proceeds from the sales doubled the capital of the Dutch East India Company.

The Dutch attempted, unsuccessfully, to capture Macao, in order to take over this lucrative trade.

Then they occupied Taiwan, before they were driven out by the Ming admiral Zheng Cheng-gong. Despite these setbacks, the Dutch were able to follow Portugal in shipping porcelain to Europe.

These new entrants to the trade diversified further the trade routes, taking the products not only to Lisbon, Amsterdam and London but also to Luanda, Mozambique, South Africa and South America. During the late Qing, the routes expanded to Hobart and Sydney in Australia, as well as to New York, San Francisco, Vancouver and Germany.

After the establishment of Hong Kong, the British became active in the China trade; but tea was their most important Chinese commodity, ahead of porcelain.

In the 18th century, the porcelain merchants of Jingdezhen built an imposing Tin Hau temple, named after the Goddess of the Sea. Even in a city hundreds of miles from the coast, the importance of the sea trade was paramount.

#### **Mutual learning**

Chinese porcelain changed the lifestyles of those who used it. In the early Qing, blue and white porcelain tea sets were a sensation in Europe; hot drinks like coffee, tea and chocolate became very popular. White luminous glaze from Dehua was also highly desirable and known as Blanc de Chine (the white of China) in Europe.

In the first half of the 18th century, kilns were established in Guangzhou that specialised in glazing

and colouring for export. This allowed a foreign client to order a piece to his own specifications. A plain piece would be made in Jingdezhen and shipped to Guangzhou, where these specifications would be added; it could be a family crest or emblem, a religious motif or a painting of a miracle in the Bible.

It was only then that Europe finally developed the technology to compete with China in porcelain. "There are two types – hard and soft, the latter produced at a lower temperature," said Chan. "In the 18th century, Germany was the first in Europe to produce the hard type. China had been the leader for 2,000 years. Technically, we are all at the same level, each country with its unique culture. We influence each other; it is a process of studying each other, but the porcelain culture still remains a Chinese tradition."

Famous pottery companies were established in Europe – Sevres by Louis XV in France in 1756, and Delft in Holland. While potters in Europe copied pieces from China, their level of skill rose and their cousins in China came to copy imports, including Imari wares from Japan.

This is how Tsang Tak-sing, Secretary of Home Affairs of the Hong Kong SAR, summarised the importance of the Maritime Silk Road: "Throughout its glorious chapters in history, the route broke down barriers between the East and West in the Middle Ages, serving as a testimony to the unfailing efforts of China to reach out to the world."

Photos by Eric Tam





### **Sacred Bones**

### Rare Buddha's relic shown in Macao

By José Morais Simões

A rare piece of bone relic from Siddhartha Gautama, later know as Sakyamuni, the founder of Buddhism, was enshrined for public worship in Macao in May. It followed a 5-day show of public homage in Hong Kong.

Tens of thousands of Buddhist devotees, from Macao, Hong Kong and mainland China, paid their respects to the 2,500-year-old relic.

The parietal bone of Sakyamuni had been unearthed in 2008 when archaeologists unexpectedly discovered a crypt in the ruins of a temple built in Song Dynasty (AD 960–1279) during the excavation works at the Nanjing Grand Bao'en Temple.

The trip to Hong Kong and Macao was the first time the parietal bone had been displayed for public obeisance outside the Chinese mainland.



#### **Destined for greatness**

Siddhartha Gautama was born a prince in Lumbini, Nepal, at the foot of Mount Palpa in the Himalayan ranges, in 560 BC. He died in Kushinagar (the present Uttar Pradesh state in India) at the age of 80 in 480 BC. His father was Suddhodana, king of the Sakhyas. His mother, Maya, died seven days after his birth, so he was raised by his foster mother, Maya's sister Mahaprajapati.

Siddhartha means "one who has accomplished his aim". Gautama was Siddhartha's family name. He was also known as Sakhya Muni, meaning an ascetic of the Sakhya tribe.

At his birth, astrologers predicted that upon achieving manhood, Siddhartha would become either a universal monarch (Chakravarti), or would abandon all earthly comforts to become a monk and a Buddha. His father, who desired his son to become a universal monarch, asked the astrologers what his son would see that might cause him to retire from the world. They replied: "A decrepit old man, a diseased man, a dead man, and a monk." Doing his best to prevent his son from becoming a monk, Suddhodana raised him in luxury and indulgence and sought to keep him attached to sensual pleasures.

He placed his son in a magnificent walled estate with gardens, fountains, palaces, music, dancing and beautiful women. At sixteen, Siddhartha married Yasodhara, who subsequently gave birth to their son, Rahula. Throughout these early years of his life, he knew nothing of the sufferings that were taking place outside his enclosure.

Then one day, desiring to see how the people in his town were living, he managed to get out of his walled enclosure, accompanied by his servant, Channa. He came upon a decrepit old man, a sick man, and a corpse, and he was shocked! Seeing their mortality, he realised that he also would one day become prey to old age, disease and death. He then met a monk who impressed him with his serenity and beauty. It was at this time that Siddhartha decided to renounce the material world with its luxuries and comforts and take up a monastic life.





#### Attaining enlightenment

Siddhartha left his home forever, donning yellow robes and shaving his head, to take up Yogic practices. Seeking instruction from several hermit teachers who lived in caves in the neighbouring hills, he practised severe Tapas (austerities) and Pranayama (breath control) for six years, during which time he almost starved to death and became exceedingly weak. He finally realised that starvation did not serve his aims, as it would lead to the very conditions he was trying to surmount.

Given food by a young woman, he sought a comfortable place to sit and eat it. He found a large

tree, now known as the great Bo-tree, or Tree of Wisdom. Upon consuming the food, he realised that he was starved of spiritual nourishment. Going deep into meditation, he contemplated his journey with its temptations and desires but did not yield to them.

The legends tell that he came out of the meditation victorious, his face shining with illumination and splendour, having attained Nirvana. He got up and danced in divine ecstasy for seven days and nights around the sacred Bo-tree, after which he returned to a normal state of consciousness. He had an overwhelming desire to share his illumination with humanity.



Thus at 35, Siddhartha had become a Boddhisatva (one who has achieved enlightenment but chooses to remain in this world to help those who are suffering). He expressed the experience of his Samadhi (state of consciousness in which Absoluteness is experienced, attended with all-knowledge and joy; Oneness).

"The Buddha" (enlightened one) left his wondrous Bo-tree behind, venturing out into the world to teach others who were seeking Wisdom and Enlightenment. The subsequent teachings of the Buddha form the foundations of Buddhism.

After his death, he was cremated and his remains were preserved in stupas; some of them are located in China.

### Buddha's remains found in two temples in China

Ashoka (304–232 BC), the Indian emperor of the Maurya Dynasty, embraced Buddhism and later dedicated his life to the propagation of Buddhism across Asia. He distributed the ashes of Gautama Buddha in several places, including China.

In May 1987, four relics related to the Buddha were found during works being carried out in Famen Temple, located 120 kilometres west of Xian. Among them is a finger-bone relic that exactly matches the description given by Tang dynasty Buddhist Dao Xuan, as well as other Tang dynasty records.

Another relic of the Buddha, the top part of his skull, had been stored in a miniature pagoda named the Pagoda of King Ashoka. It was unearthed two years ago in an underground shrine built in 1011 under the former Changgan Temple of Nanjing.

The palace was found when archaeologists began excavating the ruins of the Grand Bao'en Temple of Nanjing, built in the Ming Dynasty (AD 1368–1644).

In July 2008, archaeologists found a stele in the palace. The inscription on it said the palace preserved a "Seven-Treasure Pagoda of King Ashoka" containing gold and silver coffins with Sakyamuni's parietal bone and relics of other Buddhas inside them.

One month later, an iron case containing a pagoda was unearthed from the palace. In November 2008, archaeologists removed the pagoda from the case and found two mini-coffins.

It is said that 2,500 years ago, Sakyamuni's disciples recovered one parietal bone, four teeth, two collar bones and 84,000 particles of relics from the cremation ash of Sakyamuni.

Ashoka, another Indian emperor (273–232 BC), allegedly collected all the parts of Sakyamuni's remains, stored them in pagoda-like shrines, and sent them to different parts of the world.

The pagoda in Nanjing is believed to be one of tens of thousands of "pagodas of King Ashoka" that contain Sakyamuni's remains.

The four-tier, 1.21 metre-high and 0.42 metre-wide pagoda is allegedly the largest of its kind unearthed in China.

According to Tang Dynasty (618–907) Buddhist records, China had 19 pagodas of King Ashoka holding Sakyamuni's relics. To date, it is believed seven of the pagodas have been found in different parts of the country.



nacau

Photos by Eric Tam and Gonçalo L. Pinheiro










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## macao newsline

#### Hengqin campus enters final stage of construction

Macao, 24 April – The construction of the University of Macao's new campus in Hengqin will be open next autumn, said Chau Vai Man, Assistant Coordinator of the Infrastructure Development Office. He predicted it to enter into its final stage in May, and to be finished by the end of the year as scheduled. The project involves 80 buildings boasting 945,000 square metres in floor area with the capacity to accommodate over 10,000 students and 800 university staff.

#### Macao tourism chief forecasts 10 pct growth in visitor arrivals

New York, 07 May – The number of Macao's visitor arrivals is expected to increase at least 10 percent this year from last year's 28 million, led by visitors from the mainland, Macao Government Tourist Office (MGTO) Director João Manuel Costa Antunes said in an interview in New York. Last year, the number of visitor arrivals rose 12.2 percent year-on-year. Costa Antunes also said he expected the number of hotel rooms to increase to about 50,000 in five years from the current figure of 23,000.

#### 07 MAY

#### Macao airport to issue shares worth 1.9 billion patacas to repay loans

Macao, 14 May – Macao's airport company, owned by the government, said in a statement that it will issue redeemable preference shares worth 1.9 billion patacas, to "relieve" the company's financial burden and improve the conditions for the airport's future development.

According to the statement, the meeting decided to approve a decrease in the company's share capital "motivated by losses" and a simultaneous increase in the share capital, by issuing redeemable preference shares with a total nominal value of 1.947 billion patacas, to the company's shareholders.

14 мау



27 MAY

#### Macao Secretary for Economy forecasts monthly

average gaming revenue of 20 billion patacas in 2012 Macao, 27 May – Secretary for Economy and Finance Francis Tam Pak Yuen said that the growth rate of this year's gaming revenue would be "steady", with a monthly average estimated at 20 billion patacas (US\$ 2.5 billion), slightly less than last year's average of 22 billion patacas a month.

With average monthly gross gaming receipts between 24 billion and 25 billion patacas recorded for the past two quarters, Tam said he was "optimistic" that there would be a "stable" revenue growth this year. In the first four months of 2012, Macao's average gross gaming receipts amounted to 24.8 billion patacas.

#### 24 APR



02 MAY

13 МАУ

#### Macao's GDP rises 18.4 pct in Q1

Macao, 2 May – Macao's gross domestic product (GDP) rose 18.4 percent year-on-year in real terms in the first quarter, the Statistics and Census Service (DSEC) announced.

In real terms, first-quarter GDP was down 7.8 percent from the preceding quarter. Last year, Macao's GDP rose 20.7 percent year-on-year in real terms.

#### Macao representative office in Taiwan opens

Taipei, 13 May – The Macao government formally opened a representative office in Taipei, located in the Taipei 101 building, that will deepen trade, tourism, cultural and education ties with Taiwan. Alexis Tam Chon Weng, chief-of-cabinet of the Office of Chief Executive Chui Sai On, said at the inauguration ceremony that the Macao Economic and Cultural Office will promote economic, cultural, travel, education, sports and health co-operation between Macao and Taiwan and provide services for Macao citizens working, studying, living or travelling in Taiwan.

## macao newsline

Macao's casino revenue growth slows to near 3-year low Macao, 1 June – Macao's casino gross receipts rose 7.3 percent in May, the slowest expansion pace since July 2009, according to data released by the Gaming Inspection and Co-ordination Bureau (DICJ). Even though May's total revenue of 26.08 billion patacas (US\$ 3.3 billion) was the second highest for a single month, it was far from the 94.1 percent yearon-year growth recorded in May 2010. Macao last year posted a 42.4 percent increase in gross casino revenue for May.

### Macao economy expected to post growth of 9.8 percent this year

Macao 8 June – The Macao economy is expected to see growth of 9.8 percent this year and 13.5 percent in 2013 – years in which investment is expected to start to fall against the previous two years, according to the latest report from the Economist Intelligence Unit (EIU) released by Macauhub.

According to the EIU, investment is expected to see growth of 7.4 percent this year and increase to 10.4 percent growth in 2013, which is a downturn compared with the growth rate of 14.5 percent seen in 2011. The EIU's latest report also points to inflation of 4.2 percent this year and 4.5 percent in 2013, after reaching 5.8 percent in 2011.

#### China wins Group A pool of the 2012 FIVB Volleyball Grand Prix in Macao

Macao, 19 June – China won the Group A pool of the 2012 FIVB Volleyball Grand Prix in Macao held between 8th and 10th after defeating Thailand, Argentina and Puerto Rico.

Sixteen countries take part in the 2012 FIVB Volleyball Grand Prix.

19 JUN

ØI JUN

Ø8 JUN



#### Ø4 JUN



### Macao government reveals make-up of public housing scheme

Macao, 4 June – For the first time, the government announced the composition of its public housing programme, revealing that it consists of 10,064 low-rent social housing flats and 9,196 subsidised home-ownership scheme (HOS) flats. Housing Bureau (IH) President Tam Kuong Man said the 19,260 public housing flats are expected to be completed this year.

### Deity beliefs, cookery, and Creole theatre join Macao intangible heritage

Macao, 8 June – The worship of two of Macao's most popular deities – A-Ma (Mazu) and Na Tcha (Nezha) – as well as Macanese cuisine and plays performed in Patua, Macao's highly endangered Asian-Portuguese Creole, have increased the city's intangible cultural heritage list to 10 items.

Macao's intangible cultural heritage list also includes Taoist music, Cantonese opera and folk tales, herbal tea, wood carvings of deities and the Feast of the Drunken Dragon.

#### 21 JUN

#### Macao's inflation reaches 6.76 pct in May

Macao, 21 June – Macao's Composite Consumer Price Index (CPI) for May 2012 went up by 6.76 percent over the same period of last year, according to the figures released by the city's Statistics and Census Service (DSEC).

In comparison with May 2011, the price index of alcoholic beverages and tobacco, food and non-alcoholic beverages recorded notable yearon-year increases of 31.93 percent and 9.9 percent respectively during the period, according to the figures.

## macao newsline

#### Visitor arrival growth slows to 3.7 pct in Jan-May

Macao, 26 June – Macao recorded 11.47 million visitor arrivals in the first five months, a year-on-year growth of just 3.7 percent, indicating a slowdown in the local tourism industry, according to the Statistics and Census Service.

While the number of mainland Chinese visitors rose 9.8 percent to 6.89 million, the number of Hong Kong citizens visiting Macao fell six percent to 2.91 million. The number of Taiwan visitors dropped 15.2 percent to just 414,366 between January and May. Visitors from the mainland, Hong Kong and Taiwan accounted for 89 percent of all visitor arrivals in the first five months.

#### Re-exports grow 26.6 pct in Jan-May

Macao, 29 June – Macao's re-exports rose 26.6 percent year-on-year to 2.3 billion patacas (US\$ 285.5 million) in the first five months, the Statistics and Census Service has announced.

Re-exports accounted for 70.4 percent of all exports. Domestic exports rose just 3.7 percent year-on-year. Overall exports – comprising domestic and re-exports – increased 18.8 percent to 3.3 billion patacas (US\$ 412.5 million). The total value of imports grew 26.8 percent to 28.8 billion patacas (US\$ 3.6 billion), resulting in an external merchandise trade deficit of 25.5 billion patacas.

29 JUN

#### Casino revenue rise 12.2 percent in June

Macao, 2 July -Macao's casino gross revenue rose 12.2 percent year-on-year last month, according to official statistics released by the Gaming Inspection and Co-ordination Bureau (DICJ).

According to DICJ Macau's casino sector generated gross receipts of 23.3 billion patacas in June, the lowest figure since last November's 23.1 billion patacas.

26 JUN



#### 29 JUN

#### Na Tcha exhibition hall to open

Macao, 29 June – A permanent exhibition hall was opened on the day that the city started its three-day long celebration of the Na Tcha Festival. Funded by the Cultural Affairs Bureau (ICM), it will display artefacts related to the city's Na Tcha worship, now part of Macao's officially recognised tangible and intangible cultural heritage.

Macao has two temples dedicated to Na Tcha – one near the Ruins of St Paul's and the other on Calçada das Verdades. President Hu meets Macao Chief Executive in HK

30 JUN

Hong Kong, 30 June – Chinese President Hu Jintao, during his three-day visit to Hong Kong, met with Chui Sai On, chief executive of the Macao Special Administrative Region, and expressed his recognition of Macao's current situation as well as the work of the Macao government.

He urged the government to attach great importance to projects related to the livelihoods of local residents, and to strive for new achievements in all other areas too.

#### 02 JUL



07 JUL

#### Chief Executive of Macao and Portuguese Foreign Minister discuss cooperation

Macao, 7 July - Macao Chief Executive, Chui Sai On, met with the Minister of State and Foreign Affairs of Portugal, Paulo Portas at the end of his eight-day trip to China that took him to Beijing and Shanghai. According to the Government Information Bureau, Chui and Portas discussed a wide range of issues including measures to reinforce cooperation between Portugal and China and the role of Macao as a platform between China and the Portuguese speaking Countries.



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## **Reaching for the Sky**

A Young Macao entrepreneur cracks the UK property market

by Kirsty Ridge



"When you're in the battle line, you just have to roll with the punches." So said San Tou, a 27-yearold Macao boy who has overcome great challenges to achieve a dream of running his own company. He is sitting in his head office in the sleepy Cheshire town of Stalybridge, nestled between England's rugged Pennine hills – thousands of miles from the skyscrapers of Macao that first ignited his interest in buildings.

He has a remarkable story. The son of a plumber and grandson of a fish-seller, he barely passed the English exam to allow him to go to Manchester to study in August 2001. His family, who earn modest incomes, put together a lion's ransom – 800,000 MOPs – to enable him to complete four years at university.

The investment has paid off. He obtained two degrees – in bio-chemistry and enterprise – and now runs two real-estate companies that employ 20 people and has a portfolio of 15 properties. He works seven days a week, with only a few hours off for his friends or basketball.

"We do not ask him to come back," said his mother, Leong Sok-mei, in an interview in Macao. "We want to let him fly as high as he can. He has wanted to do business ever since he was young."

San said that it was the steely determination he learnt from his parents and grandfather during a tough upbringing that has shaped the young entrepreneur we meet today. He was born in Hong Kong and moved with his parents to Macao before he was a year old.

San Tou in Estrela do Mar catholic school in Macao



#### School of hardship

His grandfather, Tou So, 80, lost both his parents by the time he was 10. "I had no formal education and had to learn at night school," His grandfather said. "Times were very hard. During World War II, there was nothing to eat. We had no television or radio. We had to go to the herbal medicine shop to listen to the radio. I hoped that later generations would have the opportunity to study."

San's grandfather became a fishmonger. He had seven children, of whom San's father, Tou Kai-pui, was the eldest. To support his family, Tou Kai-pui had to leave school despite his academic ability, and become an apprentice plumber. It was hard, back-breaking work but he persisted, in the hope of seeing San, his only child, have the chance to go to university. "It broke my heart sometimes to see my father work like that," San said. "Now I regret not helping more as a teenager." His mother works as an accountant.

While his father branched into building maintenance, San spent hours gazing at buildings and drawing up his own designs, especially of skyscrapers. The completion of the shimmering Bank of China building in Macao in 1991 sparked an interest in the young boy, then seven, that he maintains today. He loves to photograph skyscrapers.

#### No fool at School

San received all his education in Macao, including the Escola Catolica Estrela do Mar, a Catholic secondary school. His days at school helped to shape the young entrepreneur. In classes of 40–50, the competition was intense, in class and on the sports field. He was a keen basketball player but too short to make the team. He spent many hours on the sidelines, waiting for an opportunity to play.

Off the pitch, the young man devised ways to make money. One involved copying notes from the blackboard, printing them and selling them to the other students. "It is not something I am proud of and I am still mocked by my ex-classmates now," he said.

Then San gave private tuition to fellow students, hiding his earnings in a box in his room. His parents did not hear of his endeavours until a year later, when he handed them the money.

"As a child, he was very naughty," his mother said.



Graduation Day in Manchester

"The teachers criticised him for asking too many questions. We brought him up to be independent and did not want him to be the spoilt only child. I did not embrace him, unless he was sick. We are painfully shy but he is very outgoing; he loved to sing and made friends easily."

When he was 17, his parents decided to send him abroad to study. "I did not like the education system in Macao and felt that, at the very least, he could learn English and, if nothing worked out, become a tour guide," his mother said. His father took him to an exhibition of British universities in Hong Kong. "He was reluctant to go, at just 17, and feared that no-one would help him," his mother said. "He only just passed the English exam."

So, on 4 August 2001, San stepped onto British soil for the first time. Knowing little English, he almost failed to make it past customs. When the confused passport control officer looked at his Portuguese passport and then at his Chinese features, he asked "Is this passport real?" Not understanding the question, San replied "No!", and nearly ended his English adventure right there. However, he was eventually let through, and lived for the first few years in a Christian fellowship residence in Manchester.

"Manchester was so quiet in comparison to Macao," he said. "I missed the buzz of Macao. I still do."

He started with a six-month English foundation course and then took a degree in bio-chemistry at Manchester University. With the Internet at his fingertips, he devoured information on every subject he could think of. His command of English improved rapidly thanks to his companions at the residence and members of the church, who were keen to help him learn.

Deeply conscious of the financial burden on his parents, San applied to McDonald's three times, without success. Then a Chinese restaurant hired him. He began an exhausting work schedule of 50 hours a week, six days a week, on top of his university studies. Undeterred by painful blisters on his feet from hours of standing, San took up more and more jobs, becoming a dim-sum trainee chef and a Chinese teacher, as well as working in the offices of British Gas.

#### **Missing Macao**

Although busy with work and studies, the young Macao man missed home. From a close family, he was used to frequent get-togethers with relatives, full of warmth and support. "I was handed many red packets over the years," San said. "They weren't necessarily financially well-off, but they all wanted to help me on my way." The gatherings also meant generous helpings of delicious food, another thing that he misses in the UK. "I miss the festivals, too." Chinese New Year, in particular, is not the same in Britain. Whenever he can – usually once a year – he makes the journey home to find what he has been missing.

#### A Bug for Business

Back in the Manchester lecture hall, San became interested in business. A tutor who had created a bio-tech company from one of his own inventions encouraged him to apply to the Manchester School of Enterprise Centre (MSEC), to do a Masters in



Enterprise. After a meeting with the head of MSEC, San walked out with a full scholarship, including £3,000 for living costs, and 24-hour access to a shared office space.

In that office, he designed his own e-game and set up an import company with two fellow students. He began working long hours again: "I typically got to the office at six in the morning and did not leave until 2 a.m. the following day. If you love what you do, you get tired, but it doesn't stop you."

In 2006, whilst finishing his Masters, San found himself in need of accommodation. With his scholarship money of £3,000 plus around £2,000 from various jobs, he decided to buy his first property; he was just 23. It was a ground-floor excouncil flat badly in need of modernisation.

The year 2007 was a difficult one. He found it hard to rent out the flat and saw his import business dry up because of the recession. In October, he visited his parents, who worried over his apparent lack of career and why he had chosen the import business. As his favourite building – the shimmering Bank of China – glinted in the Eastern sun, San was desperate to tell his parents he was on the verge of his own property initiative. Having started work on a freelance basis for a local building surveyor, he was winning big contracts and buying properties of his own for the rental market. His company, YMP Limited, was about to be born.

Now employing 20 people in its offices, as well as 30 contractors and sub-contractors, YMP has come a long way since its inception in 2008. San has built up the firm slowly, providing consultant-surveyor services such as building valuations and assistance with property tax matters, then branching out into energy-compliance certificates. He can count big names such as the Hastings, Wrexham and Doncaster City Councils amongst his 3,500–4,000 clients.

#### **Property Portfolio**

"It's not how big you are, it's how many connections you make," he said. His contacts from business school have served him well. Providing people with advice on buying, selling and renting properties, San started to get referrals from his contacts and began building up a property portfolio; this led to the birth of his second firm, LDM Developments Ltd.

While YMP deals with the consultancy side, LDM focuses on lettings and sales. Its portfolio of over fifteen properties includes a mixture of commercial and residential places, such as shared houses for students, a hairdresser's and a former care home that's being developed into six individual flats. "We're looking at a chain of funeral parlours, as well as a whole street in Wigan, near Manchester, containing sixty retail and leisure units," he said.

Having built up trust with several investors, San runs an investment fund, making up around 70 percent of the firm's capital of around £600,000. "It's been the best move we have made to date."

Despite the economic downturn, he is happy with how things are going: "It's a good time to buy." San himself is as motivated as ever. His day begins at 5 a.m. and he does not finish working until his head hits the pillow. Yet he still manages to find the time for triathlon training sessions and hanging out with friends.

#### **Return to Macao?**

Will he return to Macao to try his hand at the property market there?

"Of course it's tempting," he said. It is a fastmoving industry where you can make big profits. But, after ten years in the UK, I am used to the system here. The people in the UK have been so generous to me, coming here as a foreigner as I have." So, in the short term, he plans to stay in the UK.

His parents have not been to Britain because of financial considerations. "We have not asked him to come back," his mother said. "He speaks to us once a week via Skype. He has sent us money, although we do not need it. When we are old, we will need it."

For now, San's focus is to make his firms run so smoothly that he is no longer the focal point, freeing him up for more visits to his family. He is also building up a trust of money he can give his parents for their retirement. Like his father and grandfather before him, this young Macao man is forever grateful for the emotional support and red packets from his family that have helped him along his way, and is keen to return the favour.



## **MACAO YEARBOOK 2011**

Macao Yearbook 2011 is the regional almanac published by the Government Information Bureau of the Macao Special Administrative Region (MSAR)



The richly illustrated book aims to provide its readers with a comprehensive and objective record of the progress of Macao's political, economic, social and cultural developments in 2010. The well-edited Yearbook is meant to provide detailed and accurate information, in-depth analysis and concise data to all those who wish to know more about and better understand Macao.

Macao Yearbook 2011, separately published in Chinese, Portuguese and English, can be purchased at major bookshop in Macao at 120 patacas or 120 Hong Kong dollars per copy.

In Hong Kong, the three separate language editions of Macao Yearbook 2011 are on sale at the Commercial Press (HK) Ltd bookshops.

During the promotional period lasting until 31 March 2012, a 20-percent discount will be offered to any purchase of Macao Yearbook 2011.



# **Two-way Traffic**

## Taiwan benefits from flood of mainland tourists

the Better

By Luo Xunzhi in Taipei



For decades after 1949, no-one could travel from the mainland to Taiwan or vice versa. The straits between them were full of mines, warships and patrol boats, with surveillance planes flying overhead. Only the birds had free passage.

How times have changed. Between July 2008 and the middle of March this year, more than three million mainland tourists visited the island. April of this year saw 210,000 visitors make the trip, a record number for a single month. And this figure is set to rise following an agreement signed by the two sides. It allows for citizens from an increased number of cities and towns to make individual visits.

Never in history has there been this level of exchange. Around five million Taiwan people visited the mainland last year, and a further one million from the island have moved over permanently.

One of the most popular sites in Taiwan for mainland visitors is the 101 Tower, the tallest building in Taiwan. It stands at 508 metres; the viewing platform on its roof offers a panoramic view of the basin on which the capital is built.

"I never imagined that I would be here," said Liang Guohong, a retired civil servant from Shenyang in northeast China, making his first visit to Taiwan. "For so many years, Taiwan was closed to us. We had no opportunity to come. Now we have, so I have taken it."

Liang was travelling in one of the tour groups which account for the vast majority of visitors. Individual travel has been allowed since June 2011 and then only by residents of three cities – Beijing, Shanghai and Xiamen.

Thisis the Free Independent Traveler (FIT) programme, under which 57,000 visitors had come by the end of April. As from 28 April, individual travellers from Tianjin, Chongqin, Nanjing, Guangzhou, Hangzhou and Chengdu have been allowed to visit Taiwan, in addition to the first three cities.

Later this year, residents of Jinan, Xian, Fuzhou and Shenzhen will also be able to travel individually. The daily limit for such travellers is being doubled from 500 to 1,000. The Taiwan Travel Agent Association estimates that FIT will be worth NT\$4 billion a year.

Chinese tourists boarding a plane at Fuzhou, capital of Fujian Province, to take them to Taipei





Passengers get off a China Airlines at Beijing Capital International Airport in Beijing

A border inspection officer handles procedures for a tourist in Mawei Port of Fuzhou Fujian Province





Chinese tourist in a touristic spot downtown Taipei.

#### **Opening the door**

This mass tourism became possible after the election of Ma Ying-jeou as leader of Taiwan in 2008. He replaced Chen Shui-bian of the opposition Democratic Progressive Party (DPP).

The DPP permitted visitors from the mainland, mainly scholars, business people and those invited by Taiwan companies and individuals; the visa application procedure was long and complicated. In 2007, a total of 85,000 mainlanders came.

Ma decided that mass tourism would benefit the island's economy and improve mutual understanding between the two sides. He negotiated agreements with Beijing to allow direct flights and permit travel agencies to organise tourist groups.

For its part, Taiwan was unsure if it had enough hotels, restaurants and other facilities to receive hundreds of thousands of new visitors.

In the event, it has proved to be a great success. From July 2008 to 15 March this year, 3.27 million mainlanders came to Taiwan, spending more than US\$5.06 billion, an injection of money vital for an economy that has, like others in Asia, been badly hit by the downturn in its major export markets. The mainlanders accounted for a third of Taiwan's total tourists during the period.

#### **Popular tourist spots**

The mainland tour groups go to designated areas. In Taipei, six particular places are most popular. One is the Sun Yat-sen Memorial Hall, dedicated to the founder of the Chinese Republic; it contains a large statue of the man and a museum about his life.

Another is the grave and museum of Teresa Teng, one of the island's most famous singers, who was enormously popular in the mainland. She died on holiday in Thailand in May 1995, aged only 42. In the 1980s, Beijing people used to joke that one small Deng (Xiaoping) ruled by day and another small Deng – Teresa Teng – ruled during the night.

Also popular are places connected to former leader Chiang Kai-shek, including a giant memorial to him in downtown Taipei. The home where he used to live with Madame Song Mei-ling, in Shilin, in the north of Taipei, is open to visitors. The district also has a famous night market, good for snacks and souvenirs.

A must for mainland visitors is the National Palace Museum, which houses more than 600,000 art treasures which Chiang brought with him from Nanjing and Shanghai when he escaped to Taiwan in 1949. They have been preserved and displayed with meticulous care.



#### Shopping heaven

The 101 skyscraper is also popular. Its roof offers an unparalleled view of Taipei and the mountains around it. On its lower floors is one of the largest concentrations of luxury goods stores on the island, with more than 200 outlets.

They include brands such as Rolex, De Beers, Zara, Coach, Montblanc, Patek Philippie, Blancpain and Estée Lauder. Prices for most items are cheaper than in the mainland by an average of 20 percent, because of lower taxes.

In 2010, mainlanders accounted for 15 percent of the NT\$9 billion spent in the shops in 101. This helped the building to record a profit for the first time since it opened in 2003. It also led to an increase in its rents by 50 percent, because many luxury brands wanted to open outlets there.

One mainland visitor spent NT\$10 million on jewellery in a shop, a record for a single purchase in 101.

Mainlanders also like to visit the Eslite bookstore a short walk from 101, which offers a range of Chineselanguage titles not available in the mainland. A staff member said that some mainland visitors bought more than ten books at a time, mainly on literature and politics.

Taipei 101 the highest building in Taipei

Outside Taipei, they visit the scenic spots of Alishan and Sun Moon Lake in central Taiwan and the Kending National Park on the southern tip.

They spend a daily average of NT\$4,000, on pearls, jewellery, souvenirs and branded goods.

Other Taiwan shops are adapting to benefit from this flood of visitors. Since March 2011, Convenience store Family Mart has opened 12 new branches in the areas popular with mainland tourists; they offer boxes of local specialties popular with the visitors, like pineapple cakes and 'sunshine biscuits'.

Seven-Eleven is co-operating with travel agencies in Beijing, Shanghai and Xiamen to offer 'individual travel packs' for NT\$669: they include a travel card for the Taipei bus and subway system, a Wi-Fi access card and a pre-paid card for the telephone.

Some visitors also spend money on beauty treatments, plastic surgery and medical check-ups. The government is promoting medicine as a growth industry. The island has a high quality of care and is the only place outside the mainland offering advanced treatment by Mandarin-speaking staff.

A new stage will begin this year with the large-scale arrival of individual travellers. They are allowed to go where they wish and will be able to explore parts of the island so far untouched by mainlanders.



"I find Taiwan an advanced and prosperous place, like Hong Kong," said Qian Ligong, a retired businessman from Shanghai. "I plan to spend about 6,000 yuan (RMB) on electronic items. I am confident that they will be genuine and not fake. My favourite venue is the National Palace Museum, where you can see Chinese artifacts." Huang Ming, who works in the education bureau of Hunan province, said that he came to Taiwan with a tour group. "Taiwan is part of China and I wanted to have a look. I plan to spend 5,000–6,000 yuan (RMB) on cosmetics, electronic goods and Taiwan specialties. I feel more at ease here, not under pressure to spend what you have in Hong Kong."



**Direct Benefits** 

101 Shopping mall in the capital of Taiwan

The spending by the mainlanders has brought enormous economic benefits, especially to airline companies, hotels and tour companies, along with the shops and restaurants they use.

Because the visitors come in tour groups, however,

the spending is concentrated on these companies and service providers and has not spread amongst the population as a whole. Taxi drivers in Taipei say that they rarely take mainland visitors. Many people, perhaps a majority of the population, say that they have never talked to a mainland tourist. This will change with the influx of individual travellers. These tourists will not have tour guides, nor itineraries to rely on.

"For the ordinary people of Taiwan, these personal encounters with mainland compatriots are a completely new experience," said the Southern Metropolitan Daily of Guangzhou in an editorial on the day after the announcement that the FIT programme would be expanded.

"The visitors can feel what life is like at the local level and build up trust. Exchanges like this are the only way to break the ice and dispel the misunderstandings built up over so many years. Meetings between individuals are the best and most concrete way to develop cross-straits relations, increase mutual feeling and expand common interests."

The visitors are welcomed by Taiwan people for their contribution to an economy that is in need of new consumption.

But the welcome is not unanimous. Many people do not benefit directly from the spending. "I used to enjoy visiting the National Palace Museum but not now. There are lots of tour groups and so many people – they've taken it over. It means more money on tickets and souvenirs for the museum but a spoilt environment for us. This has happened in other sites in Taiwan too. They are no longer a pleasure to visit," a local visitor said.

To deal with the overcrowding, since last July the museum has opened its doors for an additional two hours, with the last tour groups accepted at 16:00. The closing time from Monday to Friday was changed from 17:00 to 18:30. In 2011, the museum received 3.85 million visitors, a record number, up from 3.5 million in 2010.

In 2010, it earned NT\$1 billion in revenue from sales of tickets, its gift shop and replicas of artifacts and commercial works of art designed using the themes of the artifacts. Spending by mainland visitors was an important proportion of this revenue.



# Engine of Growth

al In

Guangdong province becomes auto giant

By Ou Nian-le

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**In 2000, Guangdong province produced 39,400 cars** – less than two percent of the national total. Last year it produced 1.67 million – more than nine percent of national production.

In just ten years, the province has become one of China's biggest auto manufacturing centres and is growing at breakneck speed, despite fears of a national glut.

A Sino-German joint venture, First Auto Works-Volkswagen, is investing 13.3 billion yuan in a new plant in Foshan. Chinese firm Chang An and PSA Peugeot Citroën of France are spending 8.4 billion yuan on a plant in Shenzhen that will turn out 200,000 vehicles a year.

Shenzhen is also the home of a private company, BYD Auto, which aims to become the world leader in electric cars. Warren Buffett owns ten percent of the firm, which he paid US\$230 million for in 2008. The provincial government wants to turn Guangdong into a global production centre for motor vehicles; the capital, Guangzhou, is competing with Shanghai and Tianjin in the race to become the Detroit of China.

For nine years, it has hosted an Auto Show, one of the three biggest such events in China, at the Canton Fair Complex.



The most recent one, in November 2011, attracted a record attendance of representatives from over 800 different manufacturers of cars and components, including the major foreign companies that produce in China. The show also unveiled a record number of new models, numbering over 30, including a new Porsche 911, a Ferrari 458 Convertible, a new BMW M Series and a Mercedes Benz made in China.

Volkswagen unveiled a concept car, the Seat IBL, with LEDs at the front and back and an electric-powered hybrid engine.

Over the last decade, the Chinese have embraced the car and the car culture with extraordinary speed

and enthusiasm; in no other country in the world has production increased so rapidly and on such a large scale. This is especially so in Guangdong, the country's richest province, where the affluent and the middle class alike have rushed to transform their lives with the purchase of a private car.

In 2009, China overtook Japan to become the world's largest maker of automobiles, as well as the biggest buyer of them. National production in 2011 was 18.4 million, compared to less than two million in 2000.

Guangdong is determined to be a key part of this industry.

#### Humble beginnings

Historically, China's auto industry was concentrated in northeast China, Shanghai, Beijing, Tianjin and Wuhan.

In the 1980s, Guangdong became the first province to implement the open-door and reform policy of Deng Xiaoping. It attracted thousands of investors from Hong Kong, Taiwan, the Chinese diaspora, Japan, the United States and Europe.

It began with textiles and garments, toys, electrical appliances, food processing, paper, pharmaceuticals and light industrial goods. Its first auto joint venture, in 1985, was with PSA Peugeot Citroen; it closed in 1997 after producing only 100,000 vehicles, after disputes over localisation and repatriation of profits. PSA's decision to pull out ranks as one of the worst in the corporate history of the auto industry.

The Guangdong government immediately looked for a foreign partner to replace PSA, and decided on the Honda Motor Company of Japan.

China negotiated to join the World Trade Organisation, under which it was committed to lowering tariffs for imported cars. At the same time, foreign producers were looking at China as one of the world's fastest-growing markets as well as an export production base.

In 1998, Honda and Guangzhou Auto Industry Group (GAIG) set up a joint venture, Guangzhou Honda Automobile Co, to make Accord passenger cars in the former PSA factory. Other Japanese makers followed suit – Isuzu, Toyota, Nissan and Hino, then Fiat, Volkswagen and PSA.

The Japanese giants brought with them their 'keiretsu' system – a dense network of suppliers of parts and components who set up plants near the main factory in order to provide the necessary components quickly and efficiently.

The foreign firms were delighted to have factories in China's richest province where private car ownership was increasing rapidly.

Auto production in Guangdong rose at an astonishing rate – 39,400 in 2000; 188,900 in 2003; 413,500 in 2005 and 1.13 million in 2009, when it accounted for 8.2 percent of national output.

This rapid expansion reflected both the ambitions of the provincial government to have an important share of this strategic industry and also the will of Beijing. Large joint ventures like car factories need the approval of the central government; it was happy to see national production spread across different parts of China.

#### **Trail-blazer**

Leading the way was the Guangqi Honda Automobile Company, established on 1 July 1998 with a 50-50 stake between the two partners and a contract period of 30 years. It was the first Japanese company to manufacture cars in China. It invested US\$1 billion in the engine plant in Guangzhou that had formerly been used by Peugeot, and started producing Accords there in March 1999.

The joint venture has two plants covering an area of nearly two million square metres. It employs 7,000 staff and produces six brands, of which the Accord, Odyssey and Fit are the best known.

On 1 March 2010, it announced that cumulative sales had exceeded two million units, making it only the fourth company in China to achieve this. In 2011, it sold 362,000 units, and it aims for 400,000 this year.

One of Honda's plants produces the compact Fit for export, mainly to Europe, where it is sold as the Jazz model. In December 2011, it exported the model to Canada from its Guangzhou plant for the first time, replacing models that were previously made in Japan. The main reason for this move was the high value of the yen, which had eaten into the overseas profits of all Japanese auto-makers.

Guangqi Toyota was founded in September 2004, also as a 50-50 joint venture with 30-year terms, with a registered investment of US\$363 million. It completed construction of its manufacturing plant in 2007, covering 1.87 million square metres in the Nansha district.

It has an annual capacity of 360,000 vehicles, including Camry, Yaris and Highlander. It employs 7,000 workers, with an average age of 24, and of whom 25 percent receive training at technical school or at a higher level.

#### Newcomers

Two other international companies have recently joined the rush into Guangdong. Volkswagen is building a 13.3 billion yuan plant in the Hongsha high-tech industrial park in the Nanhai district of Foshan. It is due to start production in 2013, and is aiming for an annual capacity of 300,000 cars.



The central government delayed approval of the project for one year, until VW and its partner, First Auto Works, agreed to develop local brands and an electric car at the new plant.

VW was the first foreign company to make vehicles in China, and last year sold 2.26 million, accounting for 12 percent of the national passenger car market. But its share in southern China is only ten percent, lagging behind Toyota, Honda and Nissan. The new plant aims to rectify that.

Also under construction is a plant in the Baoan district of Shenzhen. A collaboration between Chang An and PSA Peugeot Citroën, it involves an investment of 8.9 billion yuan and production of the Citroën DS series.

#### **Electric car pioneer**

Most automakers in China are large state companies. One outstanding exception is BYD, founded in Shenzhen in 1995 by Wang Chuanfu, an expert in material sciences. Within ten years, it had become the world's largest producer of small batteries, found in mobile phones, digital cameras, iPods and many other products. It went public on the Hong Kong stock exchange in 2002, with Warren Buffet owning a ten percent stake.

Then Wang decided to make electric cars, and built an assembly plant covering 1.6 million square feet. In 2010, it sold 520,000 vehicles, making it the sixth largest Chinese automaker. But sales of electric cars are currently going slowly, because of the high prices, lack of infrastructure and consumer resistance.

In February this year, BYD announced that its 2011 net profit fell by 44 percent due to lower solar power product prices as well as intense auto market competition that forced the company to offer large discounts.

#### **Ambitions unrealised**

Guangdong has within the last decade achieved one of its ambitions – to become a major manufacturer of automobiles; last year the auto sector accounted for 20 percent of its industrial output.

But two ambitions remain unrealised – to be a major exporter and have its own brands. In 2011, China exported 849,000 vehicles, making up less than five percent of total output. They were mostly low-cost cars sold to developing markets such as Brazil, Iran



and Russia. Domestic brands accounted for just 29.1 percent of the national market, as foreign brands continue to dominate at home.

Despite its enormous output, China is still far from challenging Japan, Germany, the United States and South Korea in creating auto brands that are recognisable all over the world.

The government is, however, working hard to achieve this, with financial and policy incentives to



encourage firms to set up their own Research and Development programmes and reduce their reliance on foreign designs and technology.

On 1 March, GAIG unveiled the first up-market SUV that it has designed itself; the model will be officially launched at the Beijing Auto Show in April, with a selling price of 123,800–229,800 yuan.

For the foreign firms who have invested in Guangdong, these ambitions are a double-edged

sword. The firms built factories there to serve the domestic market, which is growing faster than any other in the world. They want to supply export markets from their plants in other countries, especially those at home.

The growth of Chinese brands is regarded with anxiety; foreign firms do not want China to repeat in autos its success with colour televisions, personal computers and air-conditioners. Beijing puts a 50 percent ceiling on foreign ownership in the auto sector and presses the foreign firms to transfer technology to their local partners. The joint ventures have a limited time span; in the end, the foreign companies will leave their factories, machinery and engineers behind, in the hands of their Chinese partners. By then, whose brands will be more famous?

Another shadow overhanging this extraordinary growth is over-capacity. If all the investment money promised for the industry is actually spent,

China will be able to produce 31 million vehicles a year by 2015. Will the market be able to absorb such an enormous volume, and will the country's infrastructure be able to cope? Does China want to become even more dependent on imported oil? Traffic congestion, lack of parking spaces and airpollution are already major problems in Guangzhou, Shanghai, Beijing and other major cities. But China is also investing heavily in subway networks and high-speed inter-city railways, to give people an alternative to automobiles.

Photos by Xinhua

Year	National output	GD output	Increase on year	Share of total
2000	2.07 mln	39,400	S (1941)	1.9 per cent
2001	2.34 mln	56,700	44 per cent	2.4 per cent
2002	3.25 mln	65,200	15 per cent	2.0 per cent
2003	4.44 mln	188,900	190 per cent	4.3 per cent
2004	5.1 mln	276,300	46 per cent	5.4 per cent
2005	5.7 mln	413,500	50 per cent	7.2 per cent
2006	7.28 mln	555,000	34 per cent	7.6 per cent
2007	8.89 mln	789,000	42 per cent	8.9 per cent
2008	9.3 mln	881,800	12 per cent	9.5 per cent
2009	13.8 mln	1.13 mln	28 per cent	8.2 per cent
2010	18.3 mln	1.36 mln	20 per cent	9.5 per cent
2011	18.4 mln	1.67 mln	7 per cent	9.0 per cent

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From China's National Bureau of Statistics





# **Building Bridges**

## Diplomat leads first Chinese mission to Brazil

By Mark O'Neill

One day in October 1909, a slender Chinese man in a long black robe and mandarin's cap stepped off a boat in Rio de Janeiro. For Liou She-shun, it was a historic moment – he was China's first envoy to Brazil.

This ground-breaking visit, linking the largest countries in Asia and Latin America, is the subject of a book in Portuguese, published in October 2011 by the Instituto Internacional de Macau (IIM) and the Real Gabinete Portugues de Leitura (Royal Portuguese Library) of Rio de Janeiro. It was written by Carlos Francisco Moura, a Brazilian architect and researcher. The two institutions launched the book at a ceremony in Rio on 27 October last year.

Liou was one of the outstanding diplomats of the late Qing and early Republican periods. He was one of the few Chinese who could speak foreign languages, including French, and knew the ways of the Western countries that dominated the world. He wrote several books, including one on the government and education of France.

He negotiated on behalf of a country that was weak and divided by corruption and feuding warlords; he had to play with a weak hand against powers which had modern armies and regarded China as the 'sick man of Asia'. Sinophobia was widespread in the Western world, which looked down on Chinese as second-class citizens and took measures to limit their immigration.

In this turbulent and difficult life, the visit to Brazil was one of Liou's happiest episodes. He was received with affection and diplomatic honours and would return there five years later as ambassador.

"Liou made a great contribution to relations between the two countries," said Moura. "Due to his intelligence, culture and liveliness, he was enthusiastically received by the authorities and the public in the cities he visited. Both magazines and newspapers followed his travels in Brazil. His visit opened the way for the establishment of China's first diplomatic legation in Brazil, of which he would become the head."

Moura has been researching relations between China and Brazil for many years. He said he decided to write the book because he noticed that there was no study material about the beginning of diplomatic relations between the two countries. "So I proposed to the IIM that I do some research on this project, and they accepted at once."



Ambassador Liou She -shun with friends in Paris, 1902

Dr Wu Zhiliang, president of the Macau Foundation, said in his preface to the book: "At the time when these two nations are emerging as members of the BRIC (Brazil, Russia, India, and China), a study of the relations between China and Brazil is worthy of our attention. This booklet, the first of its kind, brings back memories of this voyage of the Special Mission of China to Brazil in 1909 and the establishment of the Mission of China in 1914 ... Liou is a diplomat who served two nations and had a strong link to Macao."

#### **Globe-trotting diplomat**

Liou was born in Shanghai in 1868. When he was 11, his parents sent him to the city's first foreignlanguage school, to learn French. From the 1840s, Shanghai had become the industrial and trading centre of China, with a mix of foreigners and Chinese people found nowhere else in the country.

The aim of the school was to provide graduates for the ministries of the national government. In 1890, he and six other outstanding students were sent to the Imperial Tongwen College in Beijing to prepare them for this role. From 1892, he began to accompany ministers as an interpreter on visits to Britain, France, Italy and Belgium, before moving to the embassy in Paris as an interpreter. There he enrolled at the Sorbonne and obtained a degree. He married the daughter of a noble French family, who gave him a son.

He travelled to Germany and Russia where he continued his work in interpreting. At that time, French was the language of global diplomacy. His skills brought him to the attention of the Foreign Minister at home as an outstanding diplomat.

In 1900, soldiers from eight Allied nations invaded northern China, in retaliation for the Boxer rebellion that killed thousands of foreign missionaries and their Chinese followers; the Alliance captured Beijing. Liou was summoned back to help Li Hongzhang negotiate with the victorious powers.

The result was the Boxer Protocol of September 1901, which set out an indemnity of 450 million taels of silver, more than the government's annual tax revenue, to be paid over 39 years to the eight nations involved. It was one of the heaviest penalties imposed on a defeated nation in history.

In 1902, Liou accompanied an imperial commissioner to attend the coronation of Edward VII in London.



In September 1905, he took up the post of ambassador to France; at the same time, he was ambassador to Spain, Portugal and Brazil. He remained in Paris until November 1911.

#### Landmark visit to Brazil

China established diplomatic relations with Brazil in March 1882; Brazil set up a consulate in Shanghai the following year.

Between 1808 and 1910, as many as 10,000 Chinese people migrated to Brazil to work on coffee, sugar and other plantations, as well as to cut timber and build railways in the Amazon basin. Such labour was badly needed after Brazil abolished slavery in 1888. In 1908, the Brazilian government sent an emissary to Beijing to present its condolences on the death of the Dowager Empress Cixi.

In response, the Qing government decided to send Liou to Brazil. In August 1909, he boarded a ship in Lisbon for Rio Janeiro, to present his credentials to the president. He arrived at the port of Rio on 11 October, accompanied by two assistants; one was a secretary who spoke English, French, Spanish and German and the other an

Liou She-shun arrival to Rio de Janeiro, Brazil in 1909

attaché who was Liou's nephew, Liou Nai-fang. As the first ambassador since diplomatic relations were established, he was warmly received.

It is this visit that is the subject of the new book. It contains excellent photographs of his arrival, visiting the presidential palace and the military honour guard. Liou and his two assistants wore the long robe and round black hats that marked them out as senior mandarins; their hair was tied in a pigtail, as required of all men in the Qing empire. There are photographs of the palaces, theatres, schools and other places which Liou visited.

His itinerary took him to Rio de Janeiro, Petropolis, Santos, and Sao Paulo. Petropolis, 65 kilometres from Rio, was the summer residence of the Brazilian emperors and aristocrats in the 19th century, and the official capital of the state of Rio de Janeiro between 1894 and 1903.

The visit aimed to establish contacts not only with the Brazilian government but also with the population, to introduce them to the ancient empire on the other side of the Pacific. Liou was received by officials and representatives of the public and the Chinese community. A reporter from the Gazeta newspaper described Liou in this way: "He is a man of medium stature and very kind. He has a broad forehead and deep furrows, because he thinks deeply. He is lively and intelligent. His conversation is varied and his words are carefully chosen. This shows a vast culture and perfect education.

"He has performed great services for his country due to three crises – the Russo-Japanese war, the clash between the conservatives and the pro-Western progressive forces and the problems of succession. Our guest has shown himself to be a person of exceptional value. The city of Rio de Janeiro is honoured to receive such a figure." He said that, during his posting in Paris, Liou had developed a good relationship with the Brazilian community in the city and was a personal friend of the country's representative there.

The book recounts Liou's travels to the three cities, describing how and by whom he was received.

The highlight of the visit was a meeting with President Nilo Pecanha, who was and remains, some say, the only mixed race person to have held the highest office in Brazil. In his speech, in French, Liou said that the purpose of his visit was to thank the government of Brazil, in the name of the emperor, for sending a representative to the funeral of Emperor Guang Xu, and to express his desire for the two countries to join in friendship. He delivered a document, in Chinese characters, signed by the Emperor, presenting his credentials.

In his remarks, the President wished Liou a happy stay in Brazil and said he hoped that relations between Brazil and China would be strengthened. He presented Liou to his ministers and other officials. The two men then talked for several minutes in French.

In Sao Paulo, Liou visited the Museu do Ipiranga, a history museum close to where Emperor D. Pedro I proclaimed the independence of Brazil in 1822. He wrote in the visitors' book: "I leave here with a fond memory of my visit to this magnificent establishment."

He left Rio on 12 October, after a six-week visit, on board the steamship Cordillere, which arrived from Buenos Aires en route for Europe. He was seen off by senior officials and a military band which played the Chinese national anthem.

Chinese Ambassador with Baron of Rio Branco and other Chinese and Brazilian officials in Rio de Janeiro




#### **Negotiations with Portugal**

In 1908, a Japanese vessel, the Datsumaru, was arrested by a Chinese customs ship near Coloane for attempting to smuggle amunition. The Macao government demanded that the vessel be handed over, saying that the arrest occurred in its waters; Beijing refused.

The two sides had a long-running disagreement over the demarcation of Macao's territorial waters. Liou, who was accredited to Portugal as well as France, was sent to Lisbon to negotiate for the Chinese side.

The two sides then held talks in Hong Kong, without result. The next year Portugal had a republican revolution which overthrew the king; Beijing told Liou to negotiate with the new government, hoping that it would be more flexible than the previous one. But he was unable to obtain an agreement.

Then China had its own revolution, on 10 October 1911. On 20 November, Liou handed in his resignation to the Foreign Ministry, ending 20 years of service to the Qing dynasty.

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Return to the diplomatic world

But the Republic of China needed diplomats as badly as the Qing government. At the recommendation of his former classmates, Liou was appointed Vice Foreign Minister in January 1913 and participated in talks relating to Outer Mongolia, the repayment of loans, and recognition of the new republic by foreign governments.

In December that year, he was appointed China's first ambassador to Brazil and Peru.

He took up the post in Rio de Janeiro in August 1914 and established the new embassy. It proved to be a very difficult and finally tragic assignment.

Influenced by the sinophobia of the United States, Brazil had banned Chinese immigration in 1890. Many believed that the Chinese would 'pollute' the population because they were neither European nor Christian. In this difficult situation, Liou did his best to represent the interests of his fellow countrymen. But his French wife and son could not adapt to the new climate and conditions; both died of illness. Liou himself fell seriously ill, from grief and overwork, and was recalled from his post.









Liou She-shun in Rio de Janeiro

Cover of the book "Liou She-Shun, ambassador of Empire of China. Visit to Brazil in 1909" by Carlos Francisco Moura published by the Instituto Internacional de Macau (IIM).

In April 1915, he went home via Europe, where he had the opportunity to observe the progress of the war and prepare a report for his government.

Back in Beijing, he resumed his work in the Foreign Ministry. In February 1917, Germany declared war on the United States, and China had to decide whether to follow suit. Liou argued that the outcome of the war was uncertain and that it was more prudent for China to remain neutral. But he was over-ruled and, on 14 March, it declared war on Germany. On 31 March, he handed in his resignation.

The next year he became a foreign policy adviser to the president. He took part in negotiations to make a peace treaty with Germany, and in the Washington Naval Conference between November 1921 and February 1922. The nine Pacific nations who took part signed major disarmament agreements that aimed to prevent a new arms race.

By the end of 1921, Liou's health was deteriorating, especially his liver and stomach. He resigned from the government on 5 January 1922. In March 1923, he became chancellor of Tangshan University under the Ministry of Communications, a post he held until December that year.

He retired to his home in Shanghai, where he died in 1929, at the age of 61.

In his turbulent life, the visit to Brazil in 1909 was one of the happiest episodes; he explored a new and dynamic country which he had never seen before. For his hosts, it was the first introduction to an ancient empire of which they knew nothing. His account, along with the photographs, convey the freshness and excitement of the visit.

Photos by courtesy of IIM and the book author



# collective exhibition

28 August - 15 September





# 21 September - 13 October

# Denise Lei Fong leng TIME WHEEL . CITY MEMORY

# Brian Cheong Chi Kim BLUE SKY





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# **Diplomacy at its Best**

# Friend of Gandhi, ambassador to London rests in peace in Macao

By Louise do Rosario

He was a friend of Mahatma Gandhi and fought for the rights of the Chinese in South Africa. He was China's ambassador at the Court of St James under the Empire and the Republic. And he was a representative of the Chinese community in Macao, where he lived for 20 years and is buried.

A native of Zhongshan, which borders Macao, Lew Yuk Lin had an extraordinary life. He represented his country in different corners of the world at a time when it was weak and divided and when the Chinese were treated as second-class citizens.

"In his diplomatic life, he was always playing with a weak hand," said Lau Kameng, 81, his grandson, who lives in retirement in Macao. "He represented a weak government, negotiating with strong military powers. And he was an honest man and did not take bribes, which is why our family was never rich. When he lived in Macao, he was greatly respected and called 'Ambassador Lew' or 'Doctor Lew'. He was completely loyal to his country and his career."

Two years ago, Lau rebuilt the tomb of his grandfather in the St Miguel Cemetery, using green marble from Fujian. "I do not have so long to go myself. This new stone will last for many years," he said.



#### Studying abroad

Lew was born in September 1862 in Xiangshan, now Zhongshan, the son of a diplomat who served in junior posts. As a young man, he was sent to Shanghai to study at China's first foreign-language school.

At the age of 12, he was one of 30 young men sent to study in the United States; he was one of the fourth group dispatched by the Qing government to learn the language and the ways of the Western world. They lived with American families and studied at local schools. Lew soon mastered English and graduated from secondary school; he was about to attend university when the government abruptly ordered the group home. Conservatives in the Imperial Palace in Beijing persuaded the Empress Dowager that these young people were becoming too Westernised – cutting off their pigtails, wearing Western clothes, playing baseball and some even converting to Christianity. So Lew returned, reluctantly, to China in 1881; his lifetime regret was that he never graduated from university in the US. He enrolled in a school in Tianjin. Then he was invited to work as a teacher in the family of Li Hongzhang, one of the most powerful officials in the empire. It was an entrée into the country's ruling elite; he joined the Foreign Ministry.

In 1886, he was sent to work as an interpreter in the consulate in New York, and three years later to the same job at the embassy in Washington. Back in Beijing, he worked on domestic issues, including the setting up of a government department dedicated to establishing modern companies to be run along Western lines.

He worked as a secretary and interpreter to the Foreign Minister on missions abroad, including Japan, the United States, Britain, Italy, and Belgium.

In 1893, he was sent as an interpreter to the consulate in Singapore and became the consul the next year. He also served as consul in Australia.

# Prejudice and maltreatment in South Africa

In 1904, he was given his most difficult assignment – the first Chinese envoy to Africa. From 1904–1906, under an agreement with Britain, the government sent 63,000 Chinese people to work in the gold mines of South Africa, to help the economy recover after the trauma of the Boer War.

As was the case in the United States, the Chinese were hard-working and low paid. But they were regarded by the black population as cheap and unwelcome competition, and treated with contempt and violence by their white overseers.

So, while they helped to put the economy back on track, they were confined to the dirtiest and most menial jobs and the lowest pay. They inspired fear among both the blacks and the Afrikaners, who saw them as pawns of the British.

Unable to endure the violence and low wages, the Chinese workers began to run away. In the single year of 1905, a total of 1,700 Chinese people fled from their posts. Racial conflicts intensified and law and order worsened. It became a major political issue, debated in the British Parliament.

Lew's mission was to represent the interests of his compatriots; he joined forces with Mahatma Gandhi, an Indian lawyer who was speaking for the Indian workers. In December 1906, the two led a mission to London, where they lobbied the government and the public over the discrimination against their people and the cruel treatment handed out to them.

"But the Qing government was weak and could not provide strong support to Lew," wrote Wang Weili in a doctoral thesis on the Chinese workers in South Africa, published in 2009. "The Lew's hard work did not receive its just reward. He did all he could to protect the interests of the workers."

## **Battling Opium**

In January 1909, Lew served as the chief representative of the Foreign Ministry at the International Opium Commission that was established in Shanghai, as one of the first steps to banning the drug on a global basis. It was attended by 13 nations, including Germany, the US, France, China, Britain, Italy, Japan, the Netherlands, Portugal, Persia, Russia, and Thailand.

It led to the International Opium Convention three



years later, signed at the Hague in January 1912 by the 13 countries; it was the first international drugcontrol treaty. "The contracting powers shall use their best endeavours to control, or to cause to be controlled, all persons manufacturing, importing, selling, distributing and exporting morphine, cocaine and their respective salts as well as the buildings in which these persons carry out such an industry or trade," it said.

### **Ambassador to Court of St James**

In September 1909, Lew was appointed ambassador to England and received an honorary doctorate in law the next year from Cambridge University.

After the foundation of the Republic of China, he was appointed again to the ambassador's post in London, in December 1912. He was the only person to hold the post under both the Qing and the Republic.

At his home, his grandson has many souvenirs of this time in London – a photograph of Lew in the traditional long garment of the Qing period and another of him, three years later, in a splendid jacket and trousers, with a hat adorned with feathers, and a large stripe across his chest. The two outfits reflect the profound changes which had occurred in China. It was the apex of a British empire on which the sun never set. An envoy from China attracted little attention from the officials who ran this empire – his country had the largest population in the world but played no role in the 'Great Game' of world politics.

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London , toto Fibruary 1911



Lew Yuk Lin in London1911 with two daughters

China was the 'sick man of Asia'.

Lew's grandson also has a copy of a bond of 25 million pounds issued in London by the Chinese government in May 1913; it was signed by Lew, as ambassador, and the Prime Minister of China. It carried an interest rate of five percent and was issued in Britain, France, Germany, Russia and Japan; the document is written in the languages of the first four countries.

On Lew Junior's mantelpiece is a set of green and red wine glasses and a porcelain statue which his grandfather bought in London.

In 1914, Lew represented China at the Simla Conference – called to define the status of Tibet, and attended by China, Britain and Tibet. An accord between British and Tibetan representatives defined 'Inner Tibet' and 'Outer Tibet' and agreed the border between China and British India, known as the McMahon Line. China rejected the accord; Lew and his colleagues walked out on 3 July 1914.

In September 1917, he became a high-level adviser to the military commander of the Guangzhou government. Then he was Superintendent of Customs and Commissioner for Foreign Affairs in the Guangdong government.



#### Settling in Macao

After working for so long in the Western world, Lew was shocked and dismayed by the working practices he found in his home country, especially the bribery, distinctions in rank and the chaos caused by the fighting between different factions after the 1911 revolution.

Compared to other high officials, he was poor. And he had only one wife, who gave him one son and five daughters; she was a close friend of Lu Muzhen, the first wife of Dr Sun Yat-sen, who lived in Macao for many years. Many of his peers had several wives and concubines, of different nationalities.



"He could not accept the culture of officialdom in China," said Lau. "At that time, the gap between different grades in the government was very wide."

So, in January 1923, he retired from government service and settled in Macao. He was more comfortable living under Portuguese rule than in China. He bought a modest two-storey house of European design on Nam Van (South Harbour). "He had no desire at all to return to government. He wanted to retire completely. Because of the positions he had held, everyone respected him and called him 'ambassador Liu' or 'Doctor Liu'," said his grandson.

He was a good friend of Governor Artur Tamagnini

Lau Kameng, grandson with some antiques from the ambassador collection

de Sousa Barbosa (1926–1930), who invited him to serve in the Legislative Assembly as the representative of the Chinese community. He also did charity work, serving as a director of the Kiang Wu Hospital and providing funds for an extension; a plaque in the hospital commemorates his contribution.

He collected antiques and smoked cigarettes that he rolled himself. He kept in close touch with those who had gone with him to the US to study; when they visited Macao, they would always go to see him. He used to visit Zhongshan to play mah-jong with Tang Shao-yi, the first Prime Minister of the Republic of China, who had, like him, studied in the United States. "He was very dignified and walked with a stick," said Lau. "He always dressed smartly. He did not have much money but liked to help people. Unlike today, elderly people did not talk to the young in those days. We were frightened of him."

He died in Macao on 27 October 1942, at the age of 80, and is buried in the St Miguel Cemetery. His wife, a devout Protestant, is buried in a Baptist cemetery in Hong Kong. Their son studied at a mining college in Sheffield, England and returned to work as a businessman in Macao. Lew's grandson, Lau Ka-meng, was born in 1931. His elder brother went to Beijing and his sisters to Hong Kong and Singapore. Lau worked for 30 years in a shipping company before retiring in 1997. From 2001, he worked for seven years as a volunteer at the same Kiang Wu hospital his grandfather had helped to build.



Lau Kameng and wife near the tomb of ambassador Lew in St. Miguel Arcanjo in Macao

A copy of a bound of 25 million pounds issue in London by the Chinese Government in 1913 signed by Lew

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Confucius statue in Confucius Temple in Beijing

# **Confucius Institutes**

# Building Soft Power: China Asserts its Language and Culture

By Staff reporter

The world has recently witnessed the incredible rise of China's status as both a global trading power and a place of huge cultural interest and significance. No longer is China an isolated country, but instead it enjoys ever-growing strategic, political and diplomatic power.

However, though the final two decades of the 20th century saw vast leaps forwards economically and politically, the importance of China's rich culture was not given equal weight around the world until more recently. China's historic legacy was well-documented and recognised in academic circles, but was not widely known about beyond those circles.

Today, though, we are seeing a reversal of these trends, with the Chinese language in particular proving extremely popular. An increasing number of people across the world, mainly young professionals, are signing up to Chinese language classes, in order to improve their career prospects.

## **Confucius Institutes**

Confucius Institutes in different countries provide just the sort of Chinese language and culture training that people are seeking. Created in 2004, the Institutes are funded by the Chinese National Office for Teaching Chinese as a Foreign Language (commonly known as Hanban), an organisation that reports to the Ministry for Education of the People's Republic of China.

The Institutes have become one of the main tools used to promote Chinese language and culture abroad, by teaching Chinese in foreign universities and promoting student exchange and cultural programmes.

In the past, the areas of the world where China could project its 'soft power' of attraction were restricted to the United States and the main world powers. But now, thanks to its growing economic stature as well as the increasing popularity of its language and culture, China's lure is spreading across many more countries.

The Confucius Institutes have similar aims to those of institutes run by other countries, such as Alliance Francaise, Germany's Goethe Institut, Spain's Instituto Cervantes, or Portugal's Instituto Camões. But the Confucius Institutes have the advantage of operating not as stand-alone organisations, but as part of the universities with which they are associated, acting as partners to those universities. The Institutes provide training to students so that they can take the Hanyu Shuiping Kaoshi (HSK) – the international exam in Chinese language proficiency.

# **Confucius Institutes in Portugal**

There are two Confucius Institutes in Portugal: one in Lisbon, next to Lisbon University, and the other in Braga, in the north of the country, affiliated with Minho University.

The first Confucius Institute to be set up in Portugal was the one at Minho University. In September 2005, China's deputy Education Minister, Zhang Xinsheng, and the deputy director of Hanban, Zhao Guocheng, made a visit to the Portuguese university. After this visit, the Confucius Institute was created.

In July, 2006, during the World Confucius Institute Conference held in Beijing, a Protocol of Execution of the Confucius Institute was signed by Minho University and Hanban.



After it was set up, the Confucius Institute of Minho University was partnered with Nankai University, in Tianjin, a university focused on scientific research, and which counts former Chinese prime minister Zhou Enlai among its alumni.

Since then, the city of Braga has been able to provide Chinese language courses for the HSK exam, as well as a hub for training teachers of Chinese, both for secondary schools and for higher



education. Specialised courses in areas such as trade and tourism are also regularly organised.

Alongside teaching language, the Confucius Institute at Minho University arranges cultural activities ranging from film screenings and Chinese television programmes to providing support to students interested in studying in China, specifically by managing grants offered by the Chinese government. The director of the Minho University Confucius Institute, Sun Lam, says that Chinese language courses are "increasingly sought after" and seen as a "professional gateway" because of the "international growth" of China not only on an economic and commercial level, but on a political and diplomatic level as well.

In November 2011, the Confucius Institute in Braga awarded over 40 HSK diplomas.



"China is talked about every day. The country's international growth both in economic and commercial terms has boosted demand for Chinese language teaching. Interest in Eastern Chinese culture has also grown," says Sun Lam, who was born in Beijing but has lived in Macao, and worked at the former East Asia University, which is now the University of Macau.

According to this Chinese academic – "learning the Chinese language is now seen as a tool and a professional outlet" which "justifies" the growing demand.

The Confucius Institute of Minho University offers a Higher degree in Eastern Languages and Cultures as well as a Masters degree in Portugal-China Intercultural Studies. There are around 70 students studying for the Higher degree and a further 50 studying for the Masters.

Sun Lam says that the Higher degree "is essentially sought out by students who finish secondary school and find that all the available places at university are taken up", whilst "those people who want to learn something different or plan to travel to China choose open courses", which are also taught at the Institute.

#### Open courses, opening up relations

Open courses, which are available to the general public, are especially focused on students at Minho University, particularly those studying International Relations and International Business, who want to study or take up internships in China within the scope of the protocols signed between Minho University and Chinese universities.

At beginners' level, open courses offer students a general knowledge of the Chinese language, in terms of writing, grammar and the phonetic, monosyllabic and tonal system.

At this level the aim is to give students a basic use of vocabulary and expressions needed for communication on a daily basis, and to develop the linguistic capacity needed to travel in China and solve simple problems within a professional context.

Language teaching is also tied in with the study of Chinese economic geography, history and culture as a way of providing students with the tools needed to overcome cross-cultural barriers to communication.

Sun Lam notes that one of the aims of the Confucius Institute is to "serve as a platform to take people to China and to get to know China from the inside, as



well as having contact with Chinese people". The Institute also aims to "bring more young Chinese people to Portugal so that they can learn about the world and other cultures."

As well as the partnership between the Confucius Institute in Braga with Nankai University, Minho University also has protocols set up with other Chinese universities that offer Higher degree courses in Portuguese, with a view to seeing "students moving from China to Portugal and from Portugal to China".

#### Bringing China into the classroom

The Confucius Institute in Braga, almost since it started operating, has been implementing the "Chinese in Schools" project in which it officially teaches Chinese language courses in three schools in northern Portugal.

In the current academic year the project has involved the private schools Colégio Luso-Internacional de Braga, Colégio Luso-Internacional do Porto and Colégio D. Diogo de Sousa, in Braga, and already has 10 classes with a total of 130 students aged between six and 15. This Chinese language teaching programme includes the use of textbooks and audiovisual materials, and incorporates the organisation of a Chinese Culture Week.

The Confucius Institute also responds to requests by both private and public primary and secondary schools who want to organise one-off activities about Chinese culture.

Activities such as demonstrating and studying the Chinese tea ceremony, writing names using Chinese characters, workshops about paper cutouts, Chinese horoscope readings or classical Chinese music and poetry recitals, are put on with the help of Higher degree and Masters students.

One example of an activity by the Confucius Institute that went beyond language teaching was the Chinese Art of Living Week – Health and Sport in Traditional Chinese Medicine, held in October 2011.

The initiative showcased traditional Chinese medicine, with concrete examples and practical workshops, providing a broader view that included health and sport within the scope of traditional Chinese knowledge.

The study of modern-day China forms part of these 'extracurricular' activities delivered via regular seminars about social, political and economic issues. They help to provide an updated picture of China's recent developments. These seminars are jointly organised by the Confucius Institute and the different departments and faculties of Minho University.

## Lisbon Confucius Institute

At Lisbon University, the Confucius Institute was officially created in January 2007 when an agreement was signed in Beijing by the vicechancellor of the Portuguese university and the director-general of Hanban. It opened its doors in April 2008.

An agreement with the Tianjin Foreign Studies University was signed at the same time, and the two universities currently enjoy exchange programmes for students and activities based around aspects of Portuguese and Chinese culture.

Confucius Institute students and those on the Asian Studies course at Lisbon University regularly do internships in Tianjin, whilst students from the Portuguese department of Tianjin University perfect their studies and carry out research in Lisbon, where they are hosted by the Confucius Institute itself.

Starting with around 20 students, the Confucius Institute in Lisbon has grown to an impressive 290 students today, at three different levels of language learning – beginners, intermediate and advanced. The advanced level of teaching started up this academic year with a class of 15 students.

The Confucius Institute of Lisbon University also organises a Chinese language and culture course specifically for business, aimed at business people who have, or plan to have, Chinese business partners. This academic year the course has attracted a total of 30 students.

The director of the Institute, Moisés Silva Fernandes, says that to complement the courses offered in Lisbon, "continual efforts are made to send students



to China, for internships at Tianjin University and at other Chinese universities, so that they can intensively and actively practise the language they are learning".

Moisés Silva Fernandes says that the links between the teaching of Chinese at the Confucius Institute and the business world has had practical results, and notes cases of students who have stayed in China to work, particularly in the areas of architecture and engineering, after taking part in exchange programmes to improve their language skills.

One of the most sought-after courses is the intensive Chinese language course at Tianjin University, which is held every year for three weeks in August and in which some 50 students from Lisbon University take part, mainly from the Asian Studies course.

The Chinese language component of the Asian studies courses is taught by six teachers from the Confucius Institute, all of them from China, from the Tianjin Foreign Studies University.

## Language exchange: Chinese/Portuguese

The director of the Institute in Lisbon notes the importance of the work of the Confucius Institutes across the world for the internationalisation of the Chinese language.

"Regardless of the absolute predominance of English as the international lingua franca, the global weight of China is still not matched by the dissemination of Chinese," says Moisés Silva Fernandes.

According to this particular academic, who specialises in Asian studies, "learning the Chinese language is of special benefit to Portuguese people, as China is fast developing its economic and institutional relationship with Portuguesespeaking countries, especially Brazil and Angola, making mastery of Portuguese and Chinese a very important professional tool".

From the point of view of developing Chinese language teaching amongst Portuguese speakers, not only in Portugal, but more widely amongst Portuguese-speaking nations, the Confucius Institute at Lisbon University has created a textbook for teaching Chinese in the Portuguese language. The current textbooks that are used in most of the Institutes are in English.

"The first volume of the textbook, aimed at the beginners' level, has been sent to the headquarters of the Confucius Institutes in Beijing for approval, and we hope that soon, Chinese lessons in Portugal can be taught based on textbooks in Chinese and Portuguese rather than Chinese and English," says Moisés Silva Fernandes.

"The ideal situation would be for these textbooks produced at Lisbon University to become the official textbooks for the Confucius Institutes in Portuguesespeaking countries," he says.

As well as Braga and Lisbon, in the Portuguesespeaking world there are Confucius Institutes in Brazil – at Brasilia University and S. Paulo State University. Contacts have also been made to open an Institute in Angola, at Agostinho Neto University in Luanda, though they have yet to establish concrete results.

The Confucius Institute at Lisbon University is mainly focused on language teaching, but also organises other activities, which are open to anyone who is interested. As well as promoting Chinese culture, it allows participants to use their knowledge of the Chinese language in real-life situations. One of these activities, which is offered regularly, is the Chinese Language Club, in which people can practise their Chinese with students from the Portuguese Department of the Tianjin Foreign Studies University, who are studying for an academic year at Lisbon University, as part of a protocol between the two universities.

Activities such as Chinese calligraphy for beginners, workshops on paper-cutting or the tea ceremony, or Tai Chi for beginners, are regularly organised in order to promote Chinese culture.

## Chinese language going global

The Confucius Institutes across the world began with a pilot project in Tashkent, Uzbekistan, in June 2004.

After that experience, the first Confucius Institute started operating fully in November 2004, in Seoul, South Korea. Since then hundreds of Institutes have opened up in universities all over the world, with the highest concentrations in the United States, Japan and South Korea.

As well as the traditional model of the Confucius Institutes focused on language teaching, in April 2007 the first Institute to support research opened at Wakeda University in Japan, which, in partnership with Beijing University, supports research work focused on China.

There are currently 316 Confucius Institutes in 94 countries and regions, and Hanban's target is to have a total of 1000 Confucius Institutes operating by 2020.

Figures from the Chinese Education Ministry show that at the end of 2010 around 100 million people were studying Chinese outside of China.

The days are long gone when the Middle Empire shut itself off from the outside world or gave up on its culture to replicate foreign models. The time when the People's Republic of China remained on the fringes of the international community are also fading fast.

The expansion of the Confucius Institutes in the eight years since they were founded is also a clear sign of China's new approach to the international scene, placing weight on its cultural importance alongside gaining ground both economically and diplomatically.



# Hidden Ties with the Roof of the World

The Portuguese were the first Westerners to visit Tibet in the 17th century

**By Pedro Daniel Oliveira** 

A monk in contemplation looks at the Manasarovar lake.

World-history books often disregard the feats of the Portuguese between the 15th and 17th centuries. The great pioneers of Western study and knowledge of Tibet have always been considered to be non-Portuguese: Italian Jesuit Desideri Ippolito (18th century), Swedish explorer Sven Heiden and English military man Francis Younghusband (both at the beginning of the 20th century).

However, the first recorded Westerner to reach Tibet was Portugal's António de Andrade. In the 18th century, António, accompanied by his brother Manuel Marques, wandered through the Roof of the World, which at the time was associated with the mythical kingdom of Cathay.

Other Portuguese missionaries also made it to the Tibetan plateau not long after António de Andrade. These men were Estêvão Cancela and João Cabral (who went to the Kingdom of Utsang, in Central Tibet); Francisco de Azevedo and João de Oliveira (who visited Ladakh Kingdom, Little Tibet).

Three and a half centuries later, the trails that were extensively trodden by the Portuguese pioneers in the Himalayas were followed by the researcher of the History of the Portuguese Expansion, Joaquim Magalhães de Castro.

This intrepid odyssey in 1992, took around a month and a half. Beginning in the capital Lhasa, Joaquim travelled almost 2,000 kilometres west, often facing unexpected dangers. His travels formed the basis of a book entitled, "Voyage to the Roof of the World – Unknown Tibet".

The book, published by Editorial Presença, was launched in Portugal in 2010 and presented in Macao on 20 March 2012.

Magalhães de Castro also carried out a more ambitious project: Between October and November 2010, together with cameraman Rui Costa and producer Daniel Desusado, he filmed the places that António de Andrade, Francisco de Azevedo, Estêvão Cancela, and João Cabral passed through.

"It gave me great pleasure to experience the faroff places mentioned in the writings left by the Portuguese missionaries, and compare them with what I saw on my journey through Tibet. Several times I realised that very little or nothing had changed over the centuries," said researcher Magalhães de Castro.

The documentary "Himalayas: Journey of the Portuguese Jesuits," in four 55-minute episodes, was shown on Portuguese state television channel RTP 2 and later on RTP Internacional and Teledifusão de Macau (TDM). Magalhães de Castro also wants to take the series to the international markets.

# Men of faith

News of an isolated, lost and exotic Christianity living beyond the mountains reached the Jesuit António de Andrade, via reports from foreigners. For the previous few years, he had been staying at the Mogul court in India. The dissatisfaction he had been feeling from not managing to convert the sovereign Jahangir was an incentive to research the truth of this lost Christianity. On 30 March 1624, along with Manuel Marques, he began a difficult crossing in Agra, in northern India. They passed through Delhi, Srinagar, Badrinath and Mana, finally arriving in Tsaparang (Andrade called it Chaparangue), in Tibet.

Once they had arrived in Mana, they stayed for a few days, waiting for the desert snow to thaw. Despite warnings not to continue with the trip, António de Andrade left Manuel Marques in a village and decided to go on ahead with two Christian boys and a guide. The guide left him during the journey.

Andrade tried, despite this, to overcome his difficulties. As he said in his first letter, on 8 November 1624, "it happened often that we would be stuck in the snow, sometimes up to our shoulders, sometimes up to our chests, usually up to our knees, (...) and we were not a few times with our lives at risk." Indeed the hazards of the snow and the strong rays of the sun led to Andrade losing part of a finger and becoming partially blind in one eye.

The harsh winter finally forced Father Andrade to rejoin his brother Manuel Marques. Both took up the journey again almost a month later when the weather had improved.

The two missionaries arrived in the capital of the Gu-ge Kingdom, in Tsaparang (Western Tibet, or Potente) at the beginning of August, 1624. "King Thi Tashi Dagpa thought they were emissaries of a powerful monarch, and was expecting them to bring some pearls and jewels. He was keen to meet Andrade, whom he named António Frangim, from the word 'farangi', meaning 'franco', or 'European'... However, the intentions of Andrade and his brother soon became clear," Joaquim Magalhães de Castro explained.





"They were imprisoned for a few days initially. But then, instead of being expelled, they were freed. The sovereign merely increased his watch over them both, as he saw them as two powerful allies in fighting the growing power of the monastic class, represented at the highest level by the King's brother, the high lama," the researcher said.

Andrade was later given the title of lama of the Kingdom of Gu-ge." However, the Jesuit found himself at a great disadvantage in not being able to speak Tibetan. It meant he could not preach or convert souls.

A painting of Portuguese jesuit António de Andrade

#### **Missionary fervour**

Before returning to Agra he signed a treaty with the king, who agreed to provide land on which to build a church. Andrade returned the following year, along with Gonçalo de Sousa.

"On 12 April 1626 – Easter Sunday – the first stone was laid for the church dedicated to Our Lady of Hope. The Tibetan mission of the Society of Jesus was established in Tsaparang, and was in operation until 1640," said Magalhães de Castro. In 1626 Lisbon bookseller Mateus Pinheiro published the first Chart of Tibet, dated 1624. Father Andrade had sent the Chart from Agra for the inspector (or "visit" as Andrade called him) of the provinces of Malabar and Goa, André Palmeiro. The "New Discovery of Great Cathay, or the Kingdoms of Tibet" was then translated into the main European languages of the time (Spanish, French, Italian, Polish, and Flemish).

"António de Andrade was a model Jesuit for his knowledge and intellectual prowess. He proved this with his experience as a Mission Superior at the Mogul court – one of the political and cultural splendours of the Orient, as a Provincial in Goa, as Dean of St Paul's College in Goa, and as Deputy of the Holy Inquisition," researcher Luís Sá Cunha explained.

The missionary fervour of this Jesuit is a quality extolled by the researcher. "These days this alone helps us to understand some of the steps, or even all of the life journeys of the religious men of the Society of Jesus who faced trials and martyrdoms. Their will never wavered and they never lost faith," the researcher said.

According to "The Portuguese in Tibet, the first reports of the Jesuits (1624–1635)", Hugues Didier's historical study: "(...) during his first stay in Tsaparang, Andrade had excited the court of Thi Tashi Dagpa with an image of Our Lady, and thought that Tibetans already worshipped her before he had arrived. He recognised her in some figurines, probably in the white figure of Tara that is in the Red Temple to this day."

### **Mounting Difficulties**

In the winter of 1626, or the spring of 1627, after welcoming the Jesuits, the King of Gu-ge started to persecute the lamas. These problems worsened around the spring of 1630, at the time



of the revolt of the lamas against Thi Tashi Dagpa, in Tsaparang and in Gu-ge. "The king of Ladakh won, captured the latter and took control of his kingdom. Most of the Christians of Tsaparang were taken prisoner and the Rudok missionary station was destroyed," states the chronology of Giuseppe Toscano, in "Alla scoperta del Tibet" ("The discovery of Tibet").

"In 1640, following an order from Rome to try to reopen the Tsaparang mission, Tomé de Barros, Inácio da Cruz, and Luís da Gama arrived in Srinagar, led there by Manuel Marques. In the summer, Stanislao Malpichi and Manuel Marques left Srinagar for Tibet. They were taken prisoner in Mana, but then escaped. Marques was recaptured," added Toscano.



In August and September of 1641, the report continued, "Marques sent letters from prison, in Tsaparang. At the end of 1641 or the beginning of 1642, the Tibetans refused to free Marques, who died in captivity on an unknown date."

The Portuguese Jesuits never returned to Tibet after that. However, under orders from the Jesuit General, the mission would be re-launched in 1715, by the Italian man, Ippolito Desideri (1684–1733).

"The missionary society of Tibet should be seen as a straightforward extension of the mission that began in 1579, when the Muslim emperor Akbar 'The Great' allowed the Jesuits to come to the Mogul court," noted the director of the Portuguese Oriental Institute (IPOR), Rui Rocha. "During his reign – from 1556–1605 – he was tolerant and even syncretistic in spirit."

Other names linked to the evangelisation of Tibet are: Diogo de Almeida, Francisco Godinho, António Pereira, António da Fonseca, Manuel Dias, Félix da Rocha and Frenchman Alain de la Beauchère (Alano dos Anjos), amongst others.

### In search of Cathay

Italian navigator Giovanni da Empoli (1514 and 1515) and Spanish priest Martín de Rada (1575) were some of the 17th-century personalities to associate China with Cathay. On 12 October 1596, Matteo Ricci stated the following to the Superior General of the Society of Jesus, Father Claudio Acquaviva: "Finally, I would like to note a curiosity which, I think, Your Excellency and others will be glad to hear, and it is a conjecture that I made, that the city of Nanjing, where I went last year, which is the metropolis and royal seat of ancient China, for several reasons I believe to be Marco Polo's Cathay ... and thus Cathay, in my opinion, is no other kingdom than China."

There were Jesuits in India who were not convinced because they suspected that ancient Cathay was a region beyond the Himalayas, where it was believed there were Christian peoples. On the other hand there were people of the Church who hoped it was the lost kingdom of Prester John. Others thought that the peoples had origins in the Nestorian Christians, who arrived in China during the Tang Dynasty (618–907). Some even thought that it was the work of St Thomas the apostle.

Nicolau Pimenta, visitor of the provinces of Goa and Malbar, decided to send an expedition to prove the location of Cathay. The Jesuit coadjutor Brother Bento de Góis was chosen to head the expedition. On 29 October 1602 he left Agra and travelled to Lahore, Kabul, Pamirs, Yarkand, Kucha and Turpan, finally arriving at around Christmas time in 1605 in Suzhou – the present-day Chinese province of Gansu.



The ruins of Tsaparang, capital of the kingdom of Guge where the first Portuguese jesuits arrived in 1624

According to Giuseppe Toscano's chronology in "Alla scoperta del Tibet", Bento de Góis set off on the Silk Route in search of Great Cathay, or Xatay, between 1603 and 1604. The Christian, as Muslim reports described him, found an imprisoned Tibetan prince in Yarkand (now Xinjiang in China). He concluded from a conversation in Persian that the Tibetans were Christians. As noted in the historical study by Hugues Didier, however, "the aim of the expedition was not Tibet, but Cathay or China..."

In Suzhou, at death's door, Bento de Góis received Brother João Fernandes, who came expressly from Peking, at the request of Matteo Ricci. Bento de Góis gave him the results of the expedition:



The kingdom of Cathay of the Middle Ages and the kingdom of China were after all one and the same. Only in India and Europe were they thought to be different countries. The city of Cambaluc, described by Marco Polo, was Peking. Bento de Góis died on 11 May 1607.

Doubts remained even two decades later. In the second Chart, of 15 August 1626, António de Andrade said: "Cathay was not a particular kingdom, but a large city called Katai, the head of a certain province very close to China, of which they say the head is the monarch of the Sopos (Tibetan name for the Mongols)".

According to "Une Chine où L'on n'arrive jamais," written by Hugues Didier, in Peking the Jesuits had known for a long time that Cathay was China.

#### Link to Macao

Of the Jesuit priests, there were two who had deep



Historian and researcher Joaquim Magalhães de Castro in Tibet

links with Macao. They were Baltasar Caldeira and João Cabral. In 1629, António de Andrade was called to Goa to become the Jesuit Provincial and delegate of the Holy Office.

Shortly after being promoted to "visitor" for Japan and China on 19 March 1634, he died from the symptoms of poisoning.

At the time, a voyage to Tsaparang was being prepared, which would have included Andrade. The projected journey was now delayed for a year. At the beginning of 1635, the six missionaries set out from Goa under the leadership of Father Nuño Coresma.

"Of my six companions, only one reached Chaparangue (Tsaparang) with me. Two died on the way, and the other three became so ill that it would have been inhuman to have taken them further and let them die in this desolate country," wrote Spaniard Nuño Coresma, in a First Letter of 30 August 1635.

"The three, therefore, were left behind at Srinagar (Garhwal), whence they probably returned to Agra. They were Father de Freitas, Father Caldeira and Brother Barreiros," wrote Cornelius Wessels, in his book, "Early Jesuit Travellers in Central Asia, 1603– 1721".

"Balthasar Caldeira, born in Macao in 1609, became a Jesuit in Goa in 1627. After a three-year stay on the Mogor mission, he was active in different places – among others, in Tonkin, China and Japan; he returned to India, where he filled several offices, and died in Goa on 3 May 1678," wrote Cornelius Wessels (1880–1964), who was also a Jesuit.

João Cabral also spent time in Macao. Born in Celorico da Beira, Portugal, Cabral left Cochim for Tibet on 15 March 1626, with Father Estêvão Cacela and Brother Bartolomeu Fontebona. This was the first time that Europeans had set foot in four new regions: Butan, Sikkim, Central Tibet (Shigasté) and Nepal.

"In 1632, Father Cabral returned to Cochin, where he worked. He then continued his religious work in Japan, Tonkin, Ceylon, Malacca and Macau. There, he was Dean of Madre de Deus College (currently the area of the S. Paulo Ruins), from 1645 to 1646 and from 1649 to 1652," according to Giuseppe Toscano, in "La Prima Missione Cattolica nel Tibet". João Cabral died in Goa on 4 July 1669.

The history of the first Westerners in Tibet is still an open matter.

"Some of the important letters sent by the Portuguese Jesuits who were at the Roof of the World must be lost in an archive in Lisbon or, even, at the Archivum Romanum Societatis Iesu (ARSI, or the Jesuit archive), in Rome. But when they are found there may be surprising revelations that show Macao to have a deeper link to the discovery of Tibet by Westerners," said Joaquim Magalhães de Castro.



# Taiwan's premium bookstore steps out into Hong Kong and Suzhou

By Ou Nian-le in Taipei

In a spacious and well-lit bookstore, a middleaged man stands leafing through a book on photography. "No other shop in Taiwan has the range in this subject to compare with Eslite. I can sit here all afternoon and read and no-one will bother me. It has an ambience like nowhere else."

This is the Eslite branch in Dunhua South Road, the first major outlet of Taiwan's largest and most famous bookstore. It now has more than 40 branches across Taiwan, and in July will open its first outlet outside of the island, on three floors of a commercial building in the Causeway Bay district of Hong Kong.

It is also building a branch in Suzhou in Jiangsu province, which will be its first in the mainland.

It is the biggest Chinese-language bookshop in the world outside the mainland. Last year 120 million people visited its stores, an increase of 20 percent over 2010, and turnover rose 12 percent to NT\$11 billion.

Since it was founded in 1989 by Robert Ching-yu Wu, Eslite has created a new business model and reading environment for the book business. Its two largest branches in Taipei, in Dunhua South Road and close to the 101 Tower, are not bookshops alone but offer visitors a range of services, including restaurants, coffee shops, fashion, furniture, jewellery and footwear. They attract not only lovers of books but people who want to buy other products as well. In addition, it organises art, film and music shows, reading clubs and literary seminars, making it a centre of the art and literary world and a platform for cultural and creative activities. The substantial cultural space Eslite offers helps to bring more people to the stores.

# Early downtown days

The company was born in March 1989, as a small bookshop in downtown Taipei, specialising in humanities and the arts. Wu chose the name 'Eslite', the medieval French form of 'elite'. He had started his business career selling kitchen equipment and supplies to restaurants and hotel chains.

In its early years, Eslite lost money. Its books, many of them imported, were too specialised and appealed to too small a market. So Wu made a brave decision: he had to diversify into new products and offer something more than simply books.

The company moved to its current site in Dunhua South Road in 1995. It was a bold gamble; the area is in east Taipei, one of the richest areas of the city, home to luxury shops and upmarket hotels, office buildings and apartment blocks. Incomes were high – and so were rents.



It is far from the traditional centre of Taiwan's bookshops, Chongqing South Road, close to the city railway station and dozens of crammer schools to which they supply text books. The shops are narrow, overflowing with books and customers; you just have time to make your selection, pay for it and leave.

The new Dunnan store was different: spacious and well lit, it provided space for customers to sit down and enjoy the books. "What I have been doing is not just opening bookstores but promoting reading," said Wu. The store offered a wider selection than all of its competitors, especially in the arts, literature, foreign books in translation, and biography. It was also the first 24-hour bookstore in Taiwan.

The Dunnan site has four floors offering different types of experience: Culture, Lifestyle and Children, 'Mode', the Bookstore, Design, Vision, Fashion, and Gourmet. Eslite leased space to a wide variety of companies, delivering visitors a wealth of services.

For the young and educated of Taipei, it has become a landmark, a place to gather and meet the opposite sex as well as read books, have a meal, meet a friend over coffee or buy a new outfit.

#### Giving customers what they want

Lin Kuang-li, a manager of an IT firm, was sipping coffee with his wife in the Starbucks on the first floor of the building; he is a regular client.

"The traditional area of bookshops in Taipei was Chongqing South Road. The staff there know exactly what books you need for exams. But the shops are small and uncomfortable. You cannot sit there for a long time. Here it is different. It encourages you to read.

"They have a wide range of books, magazines and foreign-language material that you cannot find in other shops. They also organise cultural events, including concerts and lectures. They create an ambience, a sense of chic and of being where the action is," he said. "You can buy many different items here."

He said that the clientele of Eslite were middle to upper class, with the time, leisure and money to come. "Working people are too busy and do not have time for this. This is the eastern district of Taipei; it cannot represent the whole city, just as Taipei cannot represent the whole of Taiwan."

The company opened its stores at a time when living standards were rising and many people had returned from studying abroad. They had more money and leisure and wanted places to spend it. Eslite introduced a new environment for art and culture.

#### Flagship store near 101 Tower

On 1 January 2006, the company opened a flagship store in the Xinyi district, close to the headquarters of the city government and the 101 Tower. This was a new district aimed at attracting big companies and wealthy individuals. The store, covering 25,000 square metres, is one of the biggest bookshops in Asia; it is three and a half times larger than the one on Dunhua South Road and attracted 30,000– 40,000 visitors a day in the first week.

It uses the same formula: eight floors, with restaurants, tea houses, coffee shops, fashion, stationery and a wide range of different products, which attract a large number of customers.

"This was a big investment at the time," said Wang Ming-lai, a retired secondary-school teacher and regular client at the Xinyi store. "It was not a traditional shopping area. But it has turned out



to be a major success, with high-class hotels and department stores in the area. It has become a major centre for leisure and shopping.

"The secret of Eslite is its size, variety, ambience and sense of leisure. You can read, eat and buy other things in the buildings. The success of Eslite has caused the closure of smaller bookshops," he said. "But it is not cheap. Both of the two big shops are located in expensive areas; this means high rents."

Staff at the Xinyi store said that they had many mainland customers. "They like to buy our books, especially on literature and politics – titles that they cannot buy at home. Some buy ten or more, probably for their friends at home. We used to have books with simplified characters but no longer. We had problems with the supplier and could not return books."

The store is also popular with Hong Kong people, overseas Chinese, Japanese, Koreans and other foreign visitors. It is on the list of recommended destinations in many travel books.

While mobile phones are allowed, the store is quiet, except for the sound of classical music. Dozens of people sit on benches, absorbed by what they are reading. Those who talk speak in low voices.

There are books on humanities and literature; business and language; computers, life and leisure;

art and architects; design and photography; the performing arts, and a wide selection of magazines.

### Expansion

Eslite has expanded outside Taipei and will have 40 branches across Taiwan by the end of this year (2012), in major cities, including Taitung in the southeast. They include bookshops and shopping malls.

Several have won prizes for design and architecture. The branch on the 17th floor of the Far Eastern department store in Kaohsiung won the Hong Kong Design Centre's Design for Asia Award in 2004. It overlooks the city's harbour through large French windows; around a big central area are elevated sections that offer different kinds of books, below a high ceiling.

The 'green belt' branch in Taichung – the Eslite Park Lane Store – has one of Asia's tallest 'living walls', which rises up to the fifth floor from the basement. Its first store outside Taiwan will open its doors in August, boasting 4,000 square metres on three storeys of a commercial complex in Causeway Bay, one of the most popular shopping centres in Hong Kong. It will sell audio and visual products and stationery as well as books.



"With ties in the greater China region (Taiwan, Hong Kong and China) growing closer than ever, it is an opportune time for Eslite to establish a presence in Hong Kong," the company said. "The new store hopes to promote a diversity of views from Taiwan's perspective.

"The growing popularity of Eslite stores in Taiwan as 'must-visit' places for many foreign visitors to the island is helping to push the company to extend its reach to overseas markets," it said. Foreigners made about 1.5 million visits to its bookstores in Taiwan last year.

A major reason for opening in Hong Kong is the flood of mainland visitors. More than 20 million people come to the SAR every year, three times its population; that compares with the 1.3 million mainlanders who went to Taiwan last year.

Many of the visitors buy from bookshops or on newspaper stalls which lay out popular titles, often seeking books that are unavailable at home. Causeway Bay is one of the districts most popular with mainland visitors.

The branch in Suzhou, the first on the mainland,

will be larger. Construction started in 2011, with the opening scheduled for 2014.

It will cover an area of 45,000 square metres and involves an investment of 720 million yuan renminbi. The complex will have a shopping mall, restaurants, coffee bars, art galleries, multimedia showrooms and experimental theatre, as well as a bookshop.

It will be located in the Suzhou Industrial Park, which is home to the Suzhou Art and Culture Centre. The Centre opened in 2007 and has held 450 performances to date, attracting world-class artists like conductor Zubin Mehta, violinist Anne-Sophie Mutter and pianist Li Yundi.

"Eslite chose Suzhou due to its historical background and solid cultural base," said Wu Ching-yu, president and founder of Eslite.

Suzhou is home to one of the largest communities of Taiwan people in the mainland; 9,000 Taiwan firms are based there. This gives the company an immediate client base. The city is a major industrial and commercial centre and attracts millions of tourists, domestic and foreign, because of its historical and cultural monuments.

Photos by Hélder Beja and Eslite courtesy







通門請事亭前地 Largo da Senada, Macas



備幸い意 助拓商貿 Aproximanos Possoan, Facilitanos Negócios 電話 Tel: (853) 8396 8513, 2857 4491 博真 Fax: (853) 8396 8603, 2833 6603 電郵 E-mail: philately@macaupost.gov.mo 鋼址 Website: www.macaupost.gov.mo



Web site: www.bnu.com.mo

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