



António Trindade, President and CEO of CESL-Asia:
“It is necessary to move from words to implementation”

Pedro Arede - 22 April 2022, translated and revised

António Trindade has no doubt that the economy of the Greater Bay Area has “enormous” potential for Macau, but stresses that it is imperative to move from words to actions and define clear directions for the Cooperation Zone in Hengqin as support infrastructure for the Platform for the cooperation between China and Portuguese-speaking countries. Furthermore, the President of CESL-Asia considers that Macau should be able to find differentiating and “high value” business solutions, definitively assuming its role as a Platform for cooperation between China and Portuguese-speaking countries.

How can Macau help China's economic development across the Greater Bay Area?

Seeking for sustainability is one of the good things that China started to prioritize 20 or 30 years ago, when it decreed that its development path would be predicated on factors related to sustainability, such as energy, energy efficiency and the management of natural resources for the development of the Country. An example of this is the attention on advancing an agenda on food security and safety, which is one of the fundamental challenges of the future *for China as for the rest of the World*. Macau's wealth, centered on gambling, does not end there, Macau must center its development in coordination with *China development, the development of the GBA*. The thing is, Macau only option is to serve the Chinese economy and China's development can be served in many ways. The “Macau Platform” is one such way of effectively serving China's development. The great challenges (and virtues) of the Chinese development are related to the development of the quality of life and the fight against extreme poverty, among others. Which has indeed been a huge success, along with the fact that it has become the factory of the world. All of this has made it possible to move many people out of poverty, into the middle and lower middle classes and who have been given education. I've been going to China since the mid 80's and the difference is abysmal. In Portugal we have an idea of what education has done to society *since the 80s*, but in China it has done even more. There is a huge leap but this was aided by the application of new technologies, such as Artificial Intelligence, Big Data and Machine Learning, that, in China, have made the difference in its impact on economic and social development.

That's what lifted people out of poverty and into the middle class. At the same time, we can talk about the transfer of a huge number of people from the countryside to the city and the inherent challenges. Faced with a brave new world, the application of new technologies for the right purpose [increase the quality of life of people, access to the markets] and sustainability have made it possible to deal with this complexity posed by the challenges of development. This is the paradigm and, for Macau, this is of massive relevance because that is exactly what Macau has been doing for 500 years, it is the job of the Platform, that is, connecting the best of both worlds: the western world and the eastern world of China, which are fundamentally different and which work here in Macau, *being the Platform for the transfer of knowhow and experiences for social and economic progress.*

So, do you think Macau should invest in technological development?

In Macau, technology has never been developed. Macau has no size or market and none of this is part of its greatest potential. Macau's great potential lies in adapting, or rather, in customizing solutions. Nobody thought it possible that Macau would be able to absorb the billions of foreign investment it received *for/due to the development of the gaming sector*, that there would be the capacity to build millions of square meters of the most sophisticated buildings in the world and produce the most advanced services at technical and energy level, and in terms of professional solutions, operating processes, logistics, events, retail, restaurants, just to mention a few of the *examples of non-gaming expertise that Macau has developed and has operated here and remotely [China, HK, US...]*. The worst thing is that we run the risk of losing this knowledge, experience because there is no retention of *non-gaming elements of the economy that are highly valued outside of Macau, China... exported to Asia and the world by foreigners, without retention of value by Macau or China.* What is relevant to evaluate is not the technology itself, because technology is not invented in Macau, but its application in localized solutions from elsewhere, that is the value that is created in Macau. People in Macau and in China has no idea what it takes to develop, set-up the capacity and feed the 40 or 50 thousand direct employees who work daily at the resorts, nor what those staff canteens are, who work 24 hours a day. They are real cities that exist down there with various services, which serve the purpose of producing the billions of dollars economy that is Macau¹. And what is it that is retained in Macau and exported to the Greater Bay Area for the development of the GBA? What is it that is sold to the outside world *and was firstly developed and demonstrated in Macau?* Articulating and

¹ Gambling is a huge industry but, perhaps over 30% of the gaming turnover is the value of the sophisticated non-gaming, high value services that can be deployed to produce value elsewhere in the Macau economy and, more importantly, exported to support the development of China and other economies.

answering these questions should provide hints for the development of Macau beyond gaming, for the role of the Platform. There's been a lot of talk lately about money laundering and all the negatives about the progress of the last 20 years, but what about the positive part? The positive thing is that Macau can, in fact, be the Platform, taking advantage of what it has learned from the solutions it has been creating.

How has the pandemic affected CESL-Asia and the growth of the Greater Bay?

The cancellation of the Macau International Environmental Cooperation Forum and Exhibition (MIECF) is an example of this effect. The purpose of MIECF is to serve the Chinese economy, either by transferring know-how solutions with technology to China or by exporting Chinese solutions or simple technology. If there was no interest in China, it would not take place annually, as part of the 9+2 development initiative of the Central Government. Nevertheless, it's a shame because we think there's a lot of interest in China and Macau was where the biggest global references in terms of sustainability were. It is no longer like that but it must be once again. The MIECF is one of the most important things that happened here and has a history of more than 20 years. Unfortunately, it was never placed in the context of serving the economies and social development and sustainability of Portuguese-speaking Countries (PLP), of the emerging countries, Europe and the Greater Bay Area. If placed in that context, it would become much more attractive, as the objective here is not just to sell a few more electric buses from China. Macau has the economic power to buy, and must adopt or choose local solutions. Currently, Macau has no local companies with local know-how to adapt external solutions for local use, not many. Today, nobody buys technology alone, they buy solutions. The world has turned to solutions and Macau has been a solution *provider to China and to the West for 500 years*. The reason why Portugal and China have a successful relationship is because they present value-added solutions for both societies and nations, all developed in Macau. The world has developed to a point (...) where, today, money is not the greatest resource required for development. The most important resource for development is adequate solutions, because money is universally accessible if to be deployed in the right solutions.

What role can Macau play in the development of the Greater Bay Area and how can the Greater Bay Area develop the local business fabric?

Macau needs to reorient itself to serve the development of the Greater Bay Area in areas where it is capable and in complementarity with everything else that exists. Macau will not compete

with Hong Kong; the idea is precisely the opposite. In other words, it is intended to achieve complementarity in diversity, in both directions. China needs both to export solutions and to buy value-added solutions. Therefore, solutions have to be adapted to the market and this is what Macau must and can do. If we do it with the same commitment did with the modernization of the gaming sector, I think we are talking about a potential economy much greater than that of the casinos.

This means that we have to choose what we are going to do, namely, what seems to me to be extremely obvious: Macau will have to focus on China's development model and innovation, betting on solutions that will succeed in 10 or 20 years. CESL-Asia, as a service company, thinks about what/who we will serve not only today, but 10 years from now. We are not interested in doing things as we did 20 years ago, not retaining knowledge and today the wonderful new world of artificial intelligence exists, which works for everything and creates a series of challenges, but, above all, it allows for the democratization of development. Democracy in the widest possible perspective becomes accessible to everyone.

How are these solutions created?

We have to find a way to find them. In the transformation that we are witnessing in the gaming sector, the same question arises. Moving from one gaming solution to another has inherent costs, and that cost will be, for example, ending up with satellite casinos. Will it be worse? I don't think so, but it will cost. Now we have to find a cost that is reasonable. It's like treating a difficult disease. How are we going to maintain our quality of life? It's not worth all of us to die. Macau has to find solutions like that and I think it's not that complicated. I believe that Macau should clearly define and support solutions that translate into added value, invest in SMEs and in innovative and proven companies, give them the “incentives” that have been dispensed to less desirable economic activities/agents to make them grow sustainably, in size and relevance. Now people have to keep eating. We cannot deteriorate the quality of life of Macau people and it must be economically and socially efficient. We have to choose companies with value, attract them and give them the conditions to prosper and make Macau prosper.

What is missing for Macau to start taking on a relevant role in the Greater Bay?

There is clearly a lack of a lighthouse in terms of policy, because the Greater Bay Area *Plan clearly* defines what will be done, namely in terms of support for small and medium-sized

companies and the conversion of Chinese industry to export and import with the PLP, through Portugal. This is because Macau alone cannot be a Platform, because it does not have enough resources and the necessary capacity. With Portugal we can reach other emerging countries and PLPs. Now, how is it possible to serve the Chinese economy from Macau? You don't have to go very far to identify areas for improvement. For example, in our case, we are not able to export meat to the Chinese market and we are developing something, our *Monte do Pasto project* that is highly innovative in several aspects, namely in the production of sustainable food and a success case in rural development. Regarding rural development, Portugal and Europe have 10 or 20 years more experience than China. *Monte do Pasto* has managed to attract attention to the inland Alentejo, which is one of the least economically and socially developed areas in Portugal, create a local economy worth 30 million euros and retain a population with quality of life. On the other hand, due to its development model, China cannot continue to bring people to the city. Europe has stopped doing this for over 20 years, and China has no way of continuing to lift people out of poverty, in the countryside and into the city. These *Monte do Pasto* solutions have to be adapted and that is what Macau can do. That is, to establish a clear direction and development mechanisms. In addition, to attract companies to Macau, it is necessary to create conditions for them to come here and give them access to the Portuguese or Chinese markets. So, Macau has a role to play in all of this and it's not small, because the economy of the Greater Bay is huge. I don't see the Government or professional or industrial associations establishing links or asking Portugal or the cities of Greater Bay: "so what can we do to and help you?". In other words, establishing business solutions that, as in all others, have an added value role for Macau, which pays taxes and retains knowledge. For example, CESL-Asia pays more than 100 million patacas in salaries. It's a big contribution. Imagine what this will be, *the benefits that this could bring to the economy of Macau*, if there is a niche in the economy of the Greater Bay Area that, in fact, passes through here.

So, do you consider that it is necessary to clearly state which direction to follow?

There has to be direction. Macau is not a free economy, contrary to what one might think. Macau is a small economy in which, when you give a concession to gambling agents without carving out elements of the gaming business to qualified local entities, the economy is precisely that: *a gambling economy*, it is here, we can learn from it. In the current context, it is the *gaming sector concession model*, which has to help develop local companies *outside of gaming*. It is not the free trading *in casino supplies, professional services* and other *ad-hoc* economic activities

like today that will leverage the economic diversification that is intended to be achieved in Macau².

What is the importance for Macau and for the business fabric of the territory, of the creation of the zone of in-depth cooperation between Macau and Guangdong in Hengqin?

Here at CESL-Asia we are convinced that in *Hengqin island* there is a potential for greater value than the gaming economy, it is just that it is necessary to move from the words and policy lines to implementation but this process is still in a political process stage. As such, the relations between Macau, *Hengqin*, Zhuhai, Guangzhou and Beijing, are still to be established in the details, as well as to define how the Cooperation Zone will coordinate itself with what the other special economic zones, *such as Zhongshan* and their integration with the economies of the Greater Bay Area cities themselves. More specifically about Hengqin, what looks like is intended to happen *there*, and what seems it is being created, is a space that, I imagine, is to be more directed towards supporting service solutions dedicated to helping the development of the *Macau Platform's* economy. However, the zone in Hengqin still cannot provide such solution, because there is a lack of *adequate* services solutions as well as other features that are required and to be developed between the various entities with jurisdiction. However, if you ask me who our Chinese partners are, I say we don't have any as we cannot find partners from Mainland China with the interest for working with us on developing further our "Platform" solutions. We can establish *proven Platform business* solutions by our own, but not partnerships *with companies from Mainland China*. There must be some reason, but they are reasons that are external to us. Unfortunately, to this day, we have not been able to convince anyone, despite the kindness, support and recognition that we are a great company and a great success story.

Why is this happening?

The problem is that state owned enterprises, or private companies, go to Portugal without coming to Macau³. The funny thing is that there are *Mainland Chinese companies* that go to Portugal and only then come to Macau. From what I've seen, this happens despite these

2 Note: Other than what already happens, for instance, croupiers, drivers, bus companies, the Government may have to specify areas of higher economic value and relevance to the GBA and establish more clear, ambitious and measurable objectives with the Gaming Concessionaires to restrict such activities to local economic agents as high value, somehow regulated, innovative, high standard local non-gaming "sub-concessionaires", like Singapore did.

3 According to a recent report of the Portuguese Central Bank, the Chinese Direct Investment in Portugal comes indirectly, almost all through Luxembourg, Spain and Hong Kong. Angola is also mentioned as a source of Chinese Direct Investment in Portugal but Macau is not even mentioned!

companies don't have more advantages [doing business in Portugal/EU without going through Macau] than the ones we have in doing it through Macau. In short, the value exists, but there needs to be clarity in saying what should be supported or promoted. On the other hand, we cannot be competing with State-Owned Enterprises with Concessions (or quasi) in Macau or in China, or Concessionaires in Macau, such as CEM or the Casinos *as they are given preferential conditions, despite we are better doing what we do*. As such, partnership solutions need to be conceived, *and regulated, and supported by the Government*. When you want to find a business solution to go to the China market, companies will continue to go to Hong Kong first and not come to Macau. The role of Platform is still lacking, when there are advantages already established in Macau.

How can the Greater Bay Area contribute to Macau's economic diversification?

Economic diversification has to be achieved with local Macau companies. Macau Government has to develop local companies, as what happen in Singapore. If we ask which companies in Macau, from Macau, that have been successful in the last 20 years as producers of value services *outside gaming, labor or land provision for external third parties*? There isn't many, but I don't think it's dreaming much *to establish such high value and sustainable companies*. There should be leadership in the process and this leadership has to be a coordination between the Government leadership and the private sector. This, precisely, because the Government *controls the main economic value creation factors; land, labor, key economic activities licensing and concessions but cannot interfere in the execution of these activities*. Additionally, Macau does not have sufficient resources to add high value Platform to what is here. We must be able to attract external *value business* solutions non-gaming. We can take gaming sector as an example: you can say what you want, but the external entities created the most value *in the industry*. Who are the main references in the modern gaming sector in Macau? The Galaxy, Venetian, Wynn, MGM, everything, *business solutions* that came from outside. This is not to say that they are not localized. It is enough to notice that the Government is currently localizing important parts of the gaming business. The relevant *demand and supply of the local* economy is not in Macau. We are here to serve China and to serve external entities and, for that, it is possible to use Portuguese or German business solutions and then it needs to be localized. The number of high value industrial companies in China that have direct access to Emerging and European markets can be counted with the fingers of one hand. Is there not a clear opportunity here? Isn't this what the Platform is? The Platform is not about producing technology in Macau. That does not exist. Of course, it helps and can contribute, but we are talking about the economy 20 or 30

years from now. What we are talking about is finding adequate business solutions localized in Macau. An example: I was a jury member at a spectacular event for a Portuguese and Brazilian startups competition organized by the Macau Government. The winner was a company that discovered a solution to eliminate oil and fat and it was a unanimous choice by the judges. The Macau Government is trying to take the project to China and I don't understand why they don't try to apply this solution in Macau *to demonstrate, localize the solution*. More so as Macau's sewers are full of harmful fat and oils. The problem of fat and oil in the sewer is one of Macau's pollution problems and this might be a great solution or, at least, it should be tested here. We had a hell of a lot of work looking for and selecting the company from Brasil, everyone was wide-eyed with the solution, which is versatile, but is not tested here. But is it really that difficult to create new local companies to deal with local problems and develop solutions that can be exported? No, on top of that there are solutions to do so. Both in China and in Portugal these solutions exist. In Macau, it is necessary to develop our own economy and *Platform* companies. I'm talking about *feasible companies* employing 400 or 500 people, dedicating them to the Platform and *to the deployment of knowledge*, dedicating them to bringing to Macau technologies and solutions and localizing them *from and for China or Portugal, EU*.

At what stage do you consider the development of the Greater Bay Area project to be?

In terms of the Greater Bay Area development plan, it is in China and Hong Kong that I see solutions of considerable sophistication being developed, but in Macau we are still at the beginning. Macau is very small *and rich*, so it's easy to do everything. Macau came from a mono-economy, dedicated to gaming and, therefore, we are in early process of economic development. In six months, one year or two years, Macau can create a developed economy. It just takes will. With the resources that Macau has and the will of China, this will be possible. It is logical that it will be necessary to create this economy, but above all it is necessary to create specific relationships with China and Portugal. We are not talking about the friendship that exists, but about the training of staff who have access to the Portuguese and European markets. Portugal has a lot to discover, to *develop* its importance as an economic platform for Europe and emerging markets. This gateway of Portugal has much to be explored by Macau for the GBA, because there are not many countries in the world where auditors, lawyers and banks have direct relations with emerging *economies but at the same time provide sophisticated and solid services*. How is this not valued by Portugal as much as it should be? Especially when the provision of services to the Chinese economy or the economy of the Greater Bay Area has an enormous potential.

In your opinion, what important steps have been taken lately so that the Greater Bay project can be fully realized?

There was evolution. In relation to Macau, there has been talk of a cooperation zone in Hengqin, but what is this zone going to do? It is necessary to understand, because economic agents have to understand what is happening. We generally have the perception that the objectives will be achieved, but the whole process of establishing that area is still limited precisely to the area, some residential flats are being built there and other things. However, it is not yet known what will be done in terms of the economy, infrastructure, taxes, financing and how it is imported and exported from there, nor is it known how it will be possible to reach the domestic market of China. There are many favorable economic solutions that already exist in the context of the CEPA (Closer Economic Partnership Arrangement) that only need to be adapted to produce a relevant incentive to create a large-scale economy, for example, in the agri-food sector, such as meat, olive oil and others that can produce added value here and in China. It is necessary to remove the barriers to access the GBA market and create an economic value chain that is a more valuable to all parties, establishing what Macau retains, what *Hengqin*, *other parties* retain. Decisions have to be made, change is required, as is currently the case in the gaming area: “there can only be six concessionaires operating in new economic conditions”. You have to know which areas are of high value and need to be developed. For example, Traditional Chinese Medicine, what role is intended? Is it for Macau Export or for the Greater Bay Area market? What does it add to China or the world? Is it for export? If that is the objective, what is being done to export? How does this relate to the Portuguese pharmaceutical industry or to traditional medicine in Africa, for example in São Tomé, or in Brazil, or Portugal that is a Tropical Medicine Center with knowhow and R&D?

Which cities in the Greater Bay have the greatest potential for the future?

All the cities of the Greater Bay have their particularities, but I feel that the most important thing is to know what these cities think of Macau. If you think that Macau ends in itself, you won't want to come or export anything from here, despite the fact that there are around 30 million tourists a year who come here for meals and shopping during their visit. But the case changes if it is to access the world market or import know-how and solutions to be provided to the GBA, or to import/export capital and financing. There is talk of the bond market, but in Macau we are still in the infancy. There is no connection whatsoever with Portugal or with European financial

systems. Are Macau laws being developed in the image of the Portuguese financial system, thinking about integration of *China and Macau financial systems* with Europe or, in another way, thinking about integration with the Hong Kong system? What is the origin and *destination* of the funds that will be attracted, what are the requirements and what can we offer in terms of access to the Chinese market that needs capital? What matters, in relation to the various cities, is that instead of looking at Macau as a competitor or an impediment, they look at Macau as a way to go beyond the solutions they already have in terms of quality and quantity. Macau cannot be offering solutions that are second-rated, worse than those of Hong Kong or China. These solutions have to be highly differentiating and have to create high value to all parties. It is not very difficult to do so, because Macau has a tradition of developing valuable economic solutions. Just think, there is no entity in Macau certifying Chinese products to European standards.

There is a lot of potential, but the last step is missing?

This missing step is not innocent. It's missing because it's not a local priority, or it's not seen as an advantage and, personally, I think it's a shame, because the potential is huge. Imagine the value of Chinese exports to Europe, which is the largest market with the US, and from which Macau could benefit. If a tenth, a fifth or even a fraction of that business was done through Macau it would be creating enormous wealth in Macau. We are 500 thousand people who in the last 20 or 30 years have developed a relevant percentage of population with a higher education. I hope these people aren't in a karaoke.

What role can the Portuguese community play in the development of Macau in Greater Bay?

The role of the Portuguese community is as important as the role of the Chinese community. If we look closely, anyone from Macau's elites, when they go to Beijing, Shenzhen or Guangzhou, talks about the importance of Lusophony and friendship with the Portuguese. But how does this friendship translate into value? We have to produce professionals who can understand in Macau, what they will need to explain to Chinese companies about what is happening in Portugal. When I came to Hong Kong in 1986, I realized for the first time that the value of personality and identity is something we have to deal with in a context of economic complexity, multiculturalism. It's not very difficult, but there needs to be that awareness. When people arrive in Macau, they have to look to Macau professionals, as the Greater Bay Area plan stipulates, as those who have the experience of applying knowledge in a unique way, in this case

about the Lusophone world [laws, procedures, etc....]. Not the knowledge that is accessible to everyone and that belongs to doctors, lawyers and engineers in China, Macau or Portugal. The application of this knowledge is local and our place, Macau is a Platform, linking China, Portugal, Angola, Mozambique and Europe, among others. It is in Macau that we drink Portuguese wine and espresso coffee, tea. The rest is not ours. It's something we like, but it's not our identity. This is Macau and this is China. The fact that a Chinese person drinks an espresso does not, of course, take away the person identity. On the contrary. I see myself in the Chinese when I go to Portugal. I came from Africa, went to Portugal and then to Hong Kong and I am valued by people for who I am. Not because I can imitate the customs of those who are there.