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## **PORTUGAL AND CHINA IN INTERNATIONAL RELATIONS: HISTORICAL LEGACIES AND CONTEMPORARY DYNAMICS**

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**FRANCISCO JOSÉ B. S. LEANDRO**

**WANG YINKANGNI**

This special issue of JANUS.NET, e-journal of International Relations, comes to light at a moment of profound disruption in the international rules-based order, marked by heightened geopolitical fragmentation, strategic rivalry, and the reconfiguration of global power structures. Against this setting, the study of Sino-Portuguese relations constitutes not only a timely empirical focus but also a valuable academic opportunity to reassess how medium and small states navigate uncertainty, complexity, and systemic transformation within the international system.

In the context of the national interest of the Portuguese Republic, relations with China acquire particular strategic relevance. Portugal has frequently been characterized as a “special friend” of the People’s Republic of China in Europe (Wise, 2020) and, at times, even described as “China’s best friend in the European Union” (Wejchert, 2021, p. 3). Such labels invite critical scholarly reflection, moving beyond diplomatic rhetoric to interrogate the structural, strategic, and normative dimensions that underpin this relationship. They also open analytical space to assess how Portugal’s historical legacies with Portuguese-speaking countries across Africa, Latin America, and Asia, its Atlantic and maritime orientation, and its membership in the European Union interact with and shape China’s evolving global strategy. Examining these intersecting factors allows for a more nuanced understanding of Portugal’s agency within asymmetrical partnerships and highlights how bilateral relations are embedded within broader regional, multilateral, and geoeconomic frameworks.

The evolving dynamics of international relations between Portugal and China constitute a compelling field of scholarly inquiry, shaped by deep historical legacies, growing economic interdependence, and sustained strategic diplomatic engagement. The Sino-Portuguese relationship is distinctive in comparative perspective, as it is rooted in several centuries of exchange and interaction, most notably embodied in Macao - a former territory under Portuguese administration and now a Special Administrative Region of the People’s Republic of China. Macao continues to function as both a symbolic



and practical bridge between the two countries, reinforcing cultural affinity, institutional familiarity, and economic connectivity.

The formal establishment of diplomatic relations in 1979, followed by Portugal's accession to the European Union, further consolidated Portugal's position as a reliable regional and international partner. These developments enhanced its attractiveness as a destination for foreign investment and cooperation, particularly for non-European actors seeking stable access points to the EU market. In recent decades, Chinese investment in Portugal has expanded significantly, encompassing strategic sectors such as energy, healthcare, real estate, insurance, infrastructure, and finance (Leandro and Li, 2025, p. 108).

Portugal occupies a distinctive position within the European Union, not only due to its extensive maritime heritage but also because it administers one of the largest Exclusive Economic Zones in Europe. This maritime dimension underscores Portugal's long-standing orientation toward global connectivity and outward engagement, which has historically facilitated its interaction with Asia. Within this context, the establishment of the first Sino-Portuguese "blue partnership" in 2017 represents a notable innovation in bilateral cooperation, one that China has since replicated with other partners, reinforcing Portugal's role as a policy laboratory and strategic intermediary.

In 2005, Portugal and China formally established a comprehensive strategic partnership, marking a significant deepening of bilateral relations. This partnership was further consolidated in 2018 through the signing of a Memorandum of Understanding on the Belt and Road Initiative, under which Portugal became the sole Western European participant. These institutional milestones have provided a stable framework for the sustained growth of bilateral trade, increased Chinese investment in Portugal, and the intensification of diplomatic engagement. Political alignment has also been evident in multilateral contexts, most notably through China's support for António Guterres' candidacies for United Nations Secretary-General in 2016 and his re-election in 2021. Collectively, these developments reflect Beijing's perception of Portugal as a strategically positioned gateway for engaging with the European Union, leveraging Portugal's political credibility within EU institutions, its open investment posture, and its historical and linguistic ties with Lusophone countries. As such, Sino-Portuguese relations extend beyond narrow bilateralism and are increasingly embedded within broader geopolitical and geoeconomic frameworks. 2025 marks the 20th anniversary of the establishment of the comprehensive strategic partnership between China and Portugal. Diplomatic exchanges between Lisbon and Beijing have remained stable and constructive, characterized by regular high-level visits and a shared commitment to expanding cooperation across economic, political, cultural, and multilateral domains.

Portugal continues to maintain strong diplomatic relations with all Portuguese-speaking countries at both bilateral and multilateral levels, most notably within the framework of the Community of Portuguese-Speaking Countries. This dense network of historical, linguistic, and institutional ties constitutes a central asset in the context of Sino-Portuguese relations, as it positions Portugal as a privileged interlocutor between China and Lusophone spaces across Africa, Latin America, and Asia. From Beijing's



perspective, these connections enhance Portugal's value as a facilitator of engagement with regions of strategic importance within the Global South.

Recent geopolitical and economic developments - such as Timor-Leste's accession as the 11th Member State of the Association of Southeast Asian Nations (ASEAN) on 26 October 2025 (ASEAN, 2025) and the deepening of EU-Mercosur relations, culminating in the signing of the Partnership Agreement (EMPA) and the Interim Trade Agreement (iTA) on 17 January 2026 (European Commission, 2026) - have further strengthened the integration of Portuguese-speaking countries into key regional economic communities. These dynamics have significantly expanded the global projection of the Portuguese language, facilitating access to a vast market of nearly three billion consumers across Europe, South America, Africa, and Asia. In this context, language functions not merely as a cultural or historical bond but as a strategic resource underpinning economic diplomacy, regulatory mediation, and transregional cooperation.

Within Sino-Portuguese relations, this linguistic and institutional architecture has particular relevance, as China has increasingly leveraged Macao and Lusophone platforms to advance commercial, financial, and diplomatic initiatives. By anchoring its engagement with Lusophone countries through Portugal and Macao, China benefits from established trust networks and institutional familiarity, while Portugal reinforces its intermediary role between Europe and the Global South. This configuration enhances the geopolitical and geoeconomic relevance of Lusophone spaces within an increasingly multipolar and interconnected international order, while also illustrating how small and medium-sized states can exercise agency through networked diplomacy.

In addition, the prospects for trilateral Sino-Portuguese cooperation merit closer analytical attention, particularly in the context of strategically significant infrastructure projects such as the Lobito Corridor in Angola and the Guarujá Tunnel in Brazil. These initiatives exemplify how China, Portugal, and Lusophone partner countries can leverage complementary strengths in financing, technical expertise, historical connectivity, and regulatory mediation. The Lobito Corridor has the potential to enhance regional integration in Southern Africa by improving transport efficiency between mineral-rich inland areas and Atlantic ports, while also positioning Angola as a logistical hub in Sino-African trade networks (Lobito Corridor, 2024, p. 9). Similarly, the Guarujá Tunnel project highlights opportunities for cooperation in complex urban infrastructure, combining Chinese engineering capacity with Portuguese institutional and linguistic brokerage and Brazilian local knowledge (Macao News, 2025). Together, these cases illustrate how trilateral frameworks can move beyond bilateral dynamics, contributing to sustainable development, economic diversification, and strategic connectivity across the Global South.

This special issue of JANUS.NET, e-journal of International Relations, entitled "Portugal, China, and International Relations", invited contributions that critically examine the historical, political, economic, and cultural dimensions of the Sino-Portuguese bilateral relationship. Contributors were encouraged to explore how interactions between Portugal and China shape broader processes of global governance, regional integration, and the formation of transnational networks.



The thematic scope of the special issue included, but was not limited to, the following areas of inquiry: 1) the role of the Macao Special Administrative Region in fostering connectivity, education and language policies as instruments of soft power, scientific and technological cooperation, cultural diplomacy, and paradiplomacy; 2) Sino-Portuguese foreign relations, with particular attention to issues of fragility, cultural relations, and bilateral cooperation; 3) diasporas and education as vectors of transnational exchange and mutual influence; and 4) an additional dossier featuring a study on Brazil's economic complexity, which contributes to situating the economic trajectories of Brazil and China within the broader context of the Global South.

Collectively, these contributions advance scholarly understanding of the evolving dynamics of Portugal–China relations and their wider international and comparative significance. By engaging with a diverse range of political, economic, and cultural themes, this special issue offers a nuanced analysis of how Portugal and China navigate the complexities of an increasingly multipolar world order. The articles gathered here not only shed light on bilateral interactions but also situate them within broader processes of global governance, regional integration, and transnational connectivity, thereby contributing to ongoing debates in international relations theory and comparative diplomacy.

Importantly, this special issue also provides a platform for a number of early-career and emerging scholars, several of whom are publishing in a peer-reviewed academic outlet for the first time – all papers were double peer-reviewed and passed the similarity check. By fostering scholarly inclusion and intellectual renewal, the issue reflects a commitment to mentoring new academic voices and broadening the field of inquiry on Portugal–China relations. In doing so, it underlines the value of intergenerational dialogue in academic research and highlights the role of academic journals as spaces for both rigorous scholarship and capacity-building. Ultimately, the insights generated in this issue speak not only to bilateral relations but also to wider debates on global interdependence, South–South dynamics, and the evolving architecture of the international system.

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## **HEDGING UNDER PRESSURE: PORTUGAL'S FOREIGN POLICY AND THE U.S-CHINA RIVALRY**

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### **Abstract**

This study aims to analyse Portugal's position within the Sino-American rivalry, charting its evolution in the context of a 'golden era' of Chinese investment amid a financial crisis and a perceived (partial) abandonment by the United States, Portugal's traditional great-power ally. For a small European state, a member of the European Union and NATO, the central challenge lies in balancing long-standing transatlantic commitments with the economic opportunities offered by China. The fracture between the Global South and the institutional commitments to the EU and the U.S during the Trump era has necessitated subtle political manoeuvring. We argue that Portugal's behaviour towards China from the 2008 financial and economic crisis to 2019 constitutes a case of 'hedging' and consider the question of whether this was the result of a strategy or an ad hoc search for new foreign partnerships. We conclude that while hedging occurred and that there is some indication of strategic thought from Lisbon policymakers, in practice it was always cautious and the country continued to prioritise alignment with the EU and the U.S.. Historical commitments, the liberal democratic legacy, shared values, defence alliances, and the collective European project place Portugal generally closer to this political framework, which tends to constrain its relations with Beijing, without precluding occasional cooperation. However, we also find indications that Portugal's hedging has had a strategic dimension. This question warrants consideration because it is still ongoing: Within the current international framework, does Portugal continue to pursue a hedging strategy toward China, or has it embarked on a gradual and deliberate disengagement from political relations with Beijing?

### **Keywords**

hedging Strategy, Portugal, China, United States.



## Resumo

Este estudo analisa a posição de Portugal no contexto da rivalidade sino americana, delineando a sua evolução durante a chamada "era dourada" do investimento chinês, ocorrida em simultâneo com a crise financeira e com a perceção de um (parcial) afastamento por parte dos Estados Unidos, o tradicional aliado de grande poder de Portugal. Para um pequeno Estado europeu, membro da União Europeia e da NATO, o desafio central reside em equilibrar os compromissos transatlânticos de longa data com as oportunidades económicas oferecidas pela China. A fratura entre o "Sul Global" e os compromissos institucionais com a UE e com os EUA durante a era Trump exigiu manobras políticas subtis. Argumentamos que o comportamento de Portugal em relação à China, desde a crise financeira e económica de 2008 até 2019, constitui um caso de hedging, e colocamos a questão de saber se tal resultou de uma estratégia deliberada ou de uma procura ad hoc de novas parcerias externas. Concluímos que, embora tenha ocorrido hedging e exista alguma indicação de pensamento estratégico por parte dos decisores em Lisboa, na prática esse alinhamento foi sempre cauteloso, mantendo o país a prioridade no alinhamento com a UE e com os EUA. Compromissos históricos, a herança liberal democrática, valores partilhados, alianças de defesa e o projeto europeu coletivo colocam Portugal, de forma geral, mais próximo desse enquadramento político, o que tende a limitar a relação com Pequim, sem impedir, contudo, episódios pontuais de cooperação. Todavia, identificam se também indícios de que o hedging português possui uma dimensão estratégica. Esta questão permanece relevante porque o processo continua em curso: no atual enquadramento internacional, Portugal continua a prosseguir uma estratégia de hedging em relação à China ou iniciou uma desvinculação gradual e deliberada dos laços políticos com Pequim?

## Palavras-chave

Estratégia de hedging, Portugal, China, Estados Unidos.

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## **HEDGING UNDER PRESSURE: PORTUGAL'S FOREIGN POLICY AND THE U.S-CHINA RIVALRY<sup>1</sup>**

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**TOMÉ RIBEIRO GOMES**

### **Introduction**

Portugal underwent one of the most significant tests of its post-1974 democratic consolidation. Between 2011 and 2015, a period marked by a severe economic decline, social unrest, and political volatility. In 2011, the aftershocks of the 2008 global financial crisis led to a bailout that forced the country to adopt unpopular austerity measures and an array of politically unpalatable reforms under the close supervision of the European Central Bank (ECB), European Commission (EC), and the International Monetary Fund (IMF). While Europe was facing financial difficulties, the United States was shifting its strategic priorities, posing a further challenge for Lisbon. The following year, Washington announced a drawdown of American forces stationed in the Azores, at Lajes Air Base, the cornerstone of the Luso-American relationship since the early Cold War. The much-vaunted idea that Portuguese foreign policy was 'Euroatlantic' thus found itself under question on both counts: the European dimension was strained by the conditions imposed by European institutions, and the American by Washington's unwillingness to rethink the downsizing of Lajes or, failing that, to compensate Portugal with some other military investment in the Azores. It seemed that Portugal had nowhere to turn.

That same year, 2012, Xi Jinping came to power as the Paramount Leader of the People's Republic of China (PRC). Xi quickly made his mark on the PRC's foreign policy. The new leader, wrapped in the political slogan of the "China Dream" and "national rejuvenation" embarked on a wave of nationalist exaltation that promised to re-establish China to the centre of global power. Shortly after becoming General Secretary of the Communist Party of China, Xi embraced the inevitability of China's path of progress: "The tide of the world is surging forward. Those who submit to it will prosper and those who resist it will perish" (Xi, 2013). A systemic rivalry between the U.S and China became a defining feature of the international system. At first glance, no one would doubt that Portugal would remain firmly by the side of the U.S. However, China's global soft-power offensive enticed many European states. For Portugal, the timing could hardly seem better, as the PRC had the resources and the will to provide much needed investment to the Portuguese

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economy and even, perhaps, lend some prestige to Portuguese diplomacy. In 2018, Xi Jinping visited Portugal to much fanfare and resulting in the signature of seventeen agreements, among them a promise of partnership on the Belt and Road Initiative (BRI) (Brito and Villalobos, 2018).

However, the 'golden age' in relations between Lisbon and Beijing appeared to lose its shine after 2019. This deterioration in Portugal-China relations after Xi Jinping's visit seems to be a response to the first Trump administration's (2017-2021) shift in U.S strategy regarding China, which it identified clearly as a 'systemic rival'. Indeed, the intensification of Sino-American competition has become one of the central axes of contemporary international politics, with direct repercussions for Europe and its member states. Portugal now faces a situation in which it must delicately balance its commercial engagements with PRC against its long-standing Atlantic ties. Understanding the position Portugal finds itself in and its options going forward requires understanding the nature of Portuguese behaviour towards China during that golden age.

While International Relations (IR) are often centred on the distribution of power among major actors, they frequently overlook an analysis of smaller or less powerful states. However, examining the positioning of small states – both in size and in power -- such as Portugal, is of great importance if we hope to understand the dynamics of the international system (Long, 2022), if for no other reason than that and even "Great powers' positions in the world are constituted in large measure by their relationships with small states..." (Long, 2022, p. 170). Specifically, the ways in which small states behave will lend or withhold dominant powers the legitimacy, or authority, to act as rule-makers in the international arena (Lake, 2009, pp. 7-11). Small states may adopt different strategies in their asymmetric relations with great powers: balancing, bandwagoning, and hedging. In the first case, small states pursue alliances with other actors to preserve their autonomy and security without compromising independence. In the second, the state seeks a close external alliance, accepting the influence and leadership of a dominant power and subordinating itself to its strategic orientations.

Hedging is more common in uncertain or volatile geopolitical contexts, where the balance of power remains fluid. In this third scenario, the state opts for an intermediate solution, avoiding the extremes of balancing and bandwagoning. Relations are maintained flexibly with multiple actors, and partnerships are diversified. The intelligent management of strategic options may enable a small state to navigate, rather than merely endure, the rivalries among great powers. It need not necessarily act as a pawn, but rather as a pivot in the strategic games of larger powers, capable of choosing among various strategies, including alignment with a third power, the maintenance of neutrality, or hedging to ensure its survival as an independent unit while pursuing mutual gains (Efremova, 2019).

The central question of this paper is thus to analyse Portugal's positioning within the framework of tensions between China and the U.S.. Given the current competitive international landscape, has Portugal been following a hedging approach toward the PRC, or has it engaged in a gradual and intentional political decoupling from Beijing? To tackle this question, we call upon diplomatic and economic data points such as instances of defence cooperation, state visits, foreign investment, statements from policymakers, and strategic documents. These are presented as part of an interpretative narrative of the



relationship of Portugal with the U.S. since the end of the Cold War, Portugal within the EU since 2008, and Portugal with China since 2012.

The paper proceeds as follows: first, we define hedging behaviour and identify some of its main characteristics; second, we provide a cursory history of Luso-American relations since the end of the Cold War until the Euro area crisis, namely the period during which Portugal was under bailout conditions (2011-2014); third, we turn to the Portugal-China relationship between the crisis and COVID-19; finally, we consider the position of Portugal vis-à-vis the U.S.-China rivalry and whether its behaviour can be classified as hedging.

### **The Politics of Ambiguity: Hedging in an Era of Great Power Rivalry**

As Max Weber noted, power consists in the “probability that one’s own will can be imposed... even against any resistance” (Weber in Han, 2017, p. 18). Yet power does not necessarily require an act of command, and the acceptance – or refusal – of obedience is itself an act of freedom. In other words, a small actor may possess both the interest and the willingness to be commanded (Han, 2017). The less powerful may be constrained by their structural conditions, but they often still have a choice. Tom Long (2017) identifies three main sources of small-state influence in world politics: (1) particular-intrinsic, which results from the small state’s own geography, economy, military might, and other assets, (2) derivative, which stems from its relationship with a great power, and (3) collective, which is harnessed when small states band together to achieve greater influence.

IR theory has concerned itself mainly with the second type, derivative power. Traditionally, it found that small states can shape their alliance behaviour towards great powers in two main ways. These two different kinds of alignment behaviour that states adopt when faced with shifts in the balance of power: *Balancing* and *bandwagoning*. States can either side with the stronger power or coalition (bandwagoning) or with the rising, but as yet weaker, power (balancing). While the choice is often dictated by the desire to avoid or counter a threat, even unthreatened states can balance or bandwagon as they seek new opportunities in the international realm (Schweller, 1997). This model of alignment behaviour seemed well suited to the Cold War system, when the central strategic question for small and medium powers was often seen as a choice of whether to align with either the U.S. or the Soviet Union (Ciorciari & Haacke, 2019, p. 367).

However, these two types of alignment have proved less useful to explain the post-Cold War world. Consequently, in the 1990s and especially the early 2000s IR scholars developed the concept of *hedging* to define a new and increasingly common type of behaviour (Kuik, 2016, pp. 500-501). As Asian states adapted to the rising power of the PRC, many noted how they opted to ‘hedge their bets’ by engaging with China in various policy areas while attempting to keep their relationship with the U.S. intact (Chung, 2004; Goh, 2005; Medeiros, 2005). By the mid-2010s, it could be argued that hedging was “the central tendency in Asian international relations” (Jackson, 2014, p. 331). Rather than a straightforward choice between bandwagoning with the U.S. and its allies against a rising China *versus* joining China to balance against American predominance,



many small and medium powers adopted a more complex alignment strategy, especially in Southeast Asia (Chung, 2004; Goh, 2005; Kuik, 2008; 2016; 2021; 2024; Lim & Cooper, 2015; Murphy, 2017; Ciorciari, 2019; Liao & Dang, 2020). As American retrenchment became more evident and PRC's economic influence extended farther afield, the dynamics of hedging were also identified in the Middle East (Salman, Pieper & Geeraerts, 2015; Telci & Rakipoğlu, 2021; Bakir & Al-Shamari, 2025). More recently, some authors have posited the existence of hedging behaviour in Europe (Wivel, 2008; Song, 2022; Zaborowski, 2024; Tunsjø, 2025).

Some of the themes common to these studies are a shifting balance of power, multipolarity, the increasing uncertainty in strategic affairs, and the fear of abandonment by the traditional great-power ally, the U.S.. They also share the assumption that states behave as rational actors. Nevertheless, there is considerable theoretical plurality in the IR literature about hedging. The wider debate around 'alignment strategies' is important for neo-realists in the mould of Waltz (1979), for whom the distribution of military power in the international system is the main factor influencing state behaviour. However, the alignment lens is not exclusive to the structural variant of realism. Balancing, bandwagoning, and hedging are also useful categories for scholars employing a *relational*, rather than structural, view of power relations; one in which states are seen as engaging with each other across multiple networks, not all of them related to military capability (Hafner-Burton, Kahler & Montgomery, 2009).

This multi-dimensional perspective offers the possibility that states may align with a stronger power on security issues but diversify away from it on other topics, such as economic and cultural ones (Jackson, 2014; Kuik, 2016). The usefulness of considering non-security issues is reinforced by the fact that, as mentioned above, states align with others in pursuit of goods other than security. Just as balancing and bandwagoning behaviours can occur even when there is no immediate or foreseeable threat to a state (Schweller, 1997), so too can states hedge to pursue opportunities to increase their power and pursue non-security goods (Wivel 2018). Indeed, hedging may be less common on security-related issues, since that could lead to the incumbent great power pressuring the hedging state to declare its allegiance and abstain from dealing with a rising great power.

Such an outcome would defeat the purpose of hedging, which is essentially about avoiding a stark choice. The verb 'to hedge' has its origins in the idea of building a fence, or a palisade to shield oneself from possible losses or risk (Online Etymology Dictionary, 2025). It is most commonly used to name a financial strategy in which "one makes an investment to offset a potential loss in a companion investment" (Morewedge, Tang & Larrick, 2016, p. 983). The idea is to diversify an investment portfolio in such a way as to protect "an individual's finances from being exposed to a risky situation that may lead to loss of value", since "the losses will be mitigated by gains in another investment" (CFI, 2025). Kuik (2008; 2016) notes that in international relations, hedging involves not only the 'risk-contingency' aspect familiar from financial strategy, but also a 'returns-maximising' dimension. The crucial point of hedging is that states try to do both at the same time (Kuik, 2016, p. 505).



In line with this view, we define hedging as a type of behaviour in which a small or medium power diversifies its diplomatic relationships by deepening political, economic, or security ties with a great power other than that with which it is already aligned, while attempting to preserve that traditional great-power relationship. Hedging need not be a well thought out strategy, but even when it is, there will still be a desire to avoid opposition from the traditional ally. This both explains why states rarely declare they are hedging (Kuik, 2021, pp. 301-302), and distinguishes it from other alignment behaviours (balancing or bandwagoning), allowing the state to obtain something from a third power that it would be unlikely to get from its traditional ally without having to make a dangerous all-in bet on the future distribution of power. In this way, hedging allows a state to deal with systemic uncertainty. There are thus at least three interesting questions when considering a possible case of hedging: First, is a given state exhibiting hedging behaviour? Second, if so, is there strategic intent behind the hedging behaviour, and if so, what is that intent; i.e., what is the strategic effect desired? Third, what is driving the hedging behaviour?

First, assessing whether a behaviour constitutes hedging is a demanding analytical exercise. Since states rarely if ever admit to hedging, scholars will have trouble finding confirmatory evidence in the form of strategic documents, speeches, or interviews by policymakers. This is why we prefer to look at hedging as a *behaviour* rather than a *strategy*, which would presuppose a conscious plan, rather than being the result of *ad hoc* actions. For example, a European state may seek Chinese investment simply because it needs that investment for domestic political reasons, without anticipating that the U.S. might perceive those deepening economic ties as a problematic action. Such a misunderstanding is more likely to happen when governments function without bureaucratic structures that effectively give strategic direction to their actions, allowing, for example, the Minister for Economic Affairs to act autonomously without due consideration to the foreign-policy issues that lie outside its remit. In such cases, hedging behaviour results not from a 'grand-strategic' decision, but from disparate sectoral policies.

When there is a strategic design, hedging may be intended to keep open the possibility of *switching* allegiance if the balance of power ever shifts decisively. We could call this an "insurance" strategy (Kuik, 2016; 2021), designed to kick in only after the traditional great-power ally falters (Ciorciari & Haacke, 2019, p. 368). Alternatively, hedging may be thought of as a means of *signalling* dissatisfaction to the traditional great power ally (Lim & Cooper, 2015, pp. 697-698). Using the network lens mentioned above, state A would be leveraging its ties with state B in order to show state C that has more value than C presently accords it. It is also conceivable that decision-makers think of hedging in both ways: simultaneously as an insurance policy against the risk of 'abandonment' (Snyder, 1984) by a great power, and as a way of signalling their value as an ally and therefore reduce the likelihood of being abandoned.

Regardless of the strategic intent behind hedging behaviour, the relationship between small /medium powers and great powers remains central to the concept, which leads us to the question of the systemic drivers of hedging. It is especially when a revisionist great power is making its impact felt on the international system that states of more limited means are incentivised to engage in hedging (Murphy, 2017). Thus, Kuik (2021) regards



the behaviour of great powers as the origin of hedging, as “it is the uncertainties stemming from their actions that push the weak to hedge” (Kuik, 2021, p. 300). However, great-power behaviour may also push in the opposite direction: Today, the room for manoeuvre that allows states to pursue a hedging strategy appears to be shrinking, as many small and medium states face greater pressure from great powers to declare their alignments and stick to them (Korolev, 2017).

Indeed, the general absence of hedging during the Cold War can be ascribed to the ‘tightness’ of the distribution of power in the bipolar world (Wagner, 1993). The unipolar order of the post-Cold War world may have created incentives for hedging, as the lack of great-power rivals to the U.S. made the hegemon less anxious to control the relationships of weaker states, resulting in a ‘loose’ distribution of power. Today, an increasing multipolarity can be thought of as expanding the menu for states looking to diversify their relationships; alternatively, however, the same dynamics can make the U.S. more intent on preventing its traditional allies from allowing rivals, particularly China, to gain influence in their economies or infrastructure networks.

Even if the international system is slipping from unipolarity to multipolarity, that need not equate to a ‘looser’ distribution of power. As power becomes more evenly distributed, the former hegemon faces incentives to pressure weaker states to align more closely with it, not just in security-related matters, but also in other areas of policy in which its rivals may begin to chip away at its influence. Hence the current trend of “geoeconomics”, a post-Cold War concept created to account for the use of economic tools in the service of strategic objectives (Luttwak, 1990; Blackwill & Harris, 2016). The U.S.-China rivalry has been increasingly seen as a geoeconomic struggle playing out in the domains of foreign investment (Beeson, 2018), infrastructural control (Munn, 2020), and technological innovation and diffusion (Zhang, 2024).

On the receiving end of these great-power outreaches are the small and medium states who accept investment in their economies, let third parties build or own critical infrastructure in their territories, and participate in the development and diffusion of leading-sector technologies. Again, these decisions are not necessarily made on the basis of a grand-strategic vision of how the state should position itself in the international system. Domestic drivers can be just as important; after all, as Kuik (2021) puts it, “Creating jobs, delivering economic growth, ensuring stability, managing internal conflicts, and/or winning elections are (...) vital pathways to preserving the ruling elites’ legitimacy and enhancing their authority” (p. 310). *Ceteris paribus*, these domestic goals become more difficult to achieve under certain systemic conditions, namely when the international system is characterised by a high degree of uncertainty, which amplifies the risks that states must reckon with when devising policy.

### **Luso-American relations from the end of the Cold War to the financial crisis**

Derivative power (Long, 2017) – originating from a small state’s relationship with a great power – has been essential for Portugal’s survival over nine centuries. The country’s limited means and exposure to Atlantic politics via a long coastline and two oceanic



archipelagos has historically made it particularly keen to adapt to the policy of whichever great power dominates Atlantic sea lanes, often perceiving that alliance as a counterweight to excessive dependence on continental powers, especially Spain (Teixeira, 2010). For a long time, that meant siding with Great Britain, with whom Portugal could draw on an alliance said to date back to the 14<sup>th</sup> century. After World War II, the focus shifted to the U.S., and the careful management of the Luso-American relationship became a central concern of policymakers in Lisbon. During the Cold War they were generally successful in that task: It is perhaps impossible to explain how Portugal managed to hold on to vast colonial possessions in Africa until 1975 without accounting for the political, financial, and at times military support extended by the U.S., mainly in return for access to Lajes Air Base, in Terceira Island (Gomes, 2025).

The end of the Cold War and the beginning of America's unipolar moment (Krauthammer, 1990/1991) in 1989-1991 brought widespread uncertainty about the role that the U.S. would play in the world. Portuguese decision-makers had reason to worry, as Lajes Base, in the Azores, had been instrumental to American force projection and maritime surveillance for decades (Mendes, 2018). In return for basing access, Portugal received American economic and military assistance in non-trivial amounts (Cooley & Spruyt, 2009). Lajes was seen as the "cornerstone" of Luso-American bilateral ties (Lima, 2016, p. 85), which were believed by many in Lisbon to amount to a "special relationship" (Vasconcelos, 1990, p. 51). As Robinson (2016) put it, "Any potential removal of Lajes from this relationship" would be "an existential crisis for Portugal's role in NATO" (p. 137), a key pillar of its foreign policy.

As the Cold War ended and Soviet submarines disappeared from North Atlantic waters, the Azores immediately lost much of its relevance to American and NATO maritime surveillance (Cooley & Spruyt, 2009, p. 133). If a hegemonic U.S. could also dispense with Lajes as an enabler of force projection, then there would be little to differentiate Portugal from other European allies and – particularly worrying for Lisbon – from Spain, its larger neighbour which was now also in the EU and NATO and hosted U.S. forces at important military bases (Gillespie & Youngs, 2000). The situation was similar in many ways to the danger of irrelevance that threatened Portugal in 1907, after Great Britain and Spain signed the Pact of Cartagena (Teixeira, 2017, pp. 441-442, 469).

This time, however, decisionmakers in Lisbon had more options. In a unipolar world, hedging was not a real possibility, since there were no great powers other than the U.S. with which Lisbon could engage. But deepening European integration meant that the European Union (EU), as it became in 1993, could perhaps provide Portugal with security, prosperity, and diplomatic agency. Two main schools of thought came to dominate foreign-policy debates in Lisbon: Atlanticists and Europeanists (Teixeira, 2017, p. 570). Others saw the Lusophone world as a third strategic vector: By acting as a *bridge* between these three regions, they believed, Portugal could not only maintain these three strategic orientations simultaneously but even increase its profile in all three (Robinson, 2016, pp. 144-145). Regional crises often motivated American military intervention, offering Lisbon opportunities to assert its status as a trusted ally by extending diplomatic and, via Lajes Base, logistical support. Such was the case of the 1990-1991 Gulf War, during which Lajes provided a platform for American tankers (Cruz, 2019, p. 217) and cargo aircraft (Matthews & Holt, 1992, pp. 125-126).



At the same time, the 'Europeanisation' of Portugal continued apace. Since joining the European Economic Community in 1982, integration had gradually pulled the focus of Portuguese foreign policy to the Old Continent, creating the potential for friction between Lisbon and Washington whenever there were serious transatlantic disagreements. Besides being a member of the EU, Portugal also supported initiatives to deepen integration, including in the realms of security and defence through frameworks such as the Common Foreign and Security Policy (CFSP) and the Western European Union (WEU) (Vasconcelos, 1990, 53; Teixeira, 2017, pp. 570-71) and later the Common Security and Defence Policy (CSDP). However, Portugal resisted "supranationalism" its security and defence policy, insisting on an intergovernmental approach to these matters within the EU and continuing to bet on NATO's as the main framework for defence issues (Robinson, 2016, p. 143).

The financial *quid pro quo* model of American basing access to the Azores, which in the 1980s had delivered some \$40 million yearly to Portugal (Cooley & Spruyt, 2009, p. 133), was finally abandoned in 1995. The U.S. Congress was keen to phase out its 'rent-for-access' deals as it thought these allowed countries such as Greece, Turkey, and Portugal, to squeeze American coffers by periodically threatening with the expulsion of U.S. forces (Clarke & O'Connor, 1993, p. 441). A new framework, the Defence and Cooperation Agreement, was signed by the U.S. and Portugal in 1995. It completely replaced financial compensations with a process of regular consultations through meetings of a Permanent Bilateral Commission, in which representatives from the U.S., Portugal, and the autonomous government of the Azores would seek ways to deepen cooperation in the realms of the military, defence industry, commerce, and scientific research (Diário da República, 1995, arts. III, VI, VII).

Henceforth, Portuguese decision-makers had to be particularly attentive to American handling on regional conflagrations, but by the end of the 1990s they appear to have made a series of mistakes. They seemed to undervalue the lessons from NATO's first out-of-area operation, the enforcement of a no-fly zone over Bosnia and Herzegovina in 1993, and misread later American interventions, first in the Middle East in 1998 and again in the Balkans in 1999, as confirmation of the usefulness of Lajes Base, when in fact they could be seen as showing the exact opposite (Monjardino, 2001). In hindsight, the belief in the usefulness of Lajes and the strength of the supposed 'special relationship' with the U.S. may be interpreted as a manifestation of the Portuguese policy elite's fear of 'abandonment' (Snyder, 1984) by its great-power ally. By refusing to face facts and retaining a belief in the ability of its diplomats to persuade American decisionmakers, Portugal worked itself into a vulnerable position.

Given all of this, it is not surprising that Portugal should be emphatic in its support after the U.S. suffered the traumatic attacks of 11 September 2001. In the ensuing invasion of Afghanistan, Portugal not only allowed Lajes Base to be used by the U.S. Air Force for transport and tanker operations but also contributed to the war effort with military equipment and civilian personnel, and special ops units (Tirpak, 2003, p. 27; Lima, 2013a, pp. 67-68). The 2003 invasion of Iraq proved a more contentious issue in transatlantic relations and within Portuguese society and political elite, but Portugal still adopted a proactive stance in support of U.S. plans to topple Saddam Hussein without a UN mandate. In March 2003, Portuguese Prime Minister José Manuel Durão Barroso



managed to position the country as a relevant ally by hosting a summit in Lajes Base that brought together the heads of government of the U.S. and its leading backers in Western Europe: the UK, Spain, and Portugal (Guardian, 2003). Portugal did not send troops to Iraq, but members of its military police (GNR) helped to train the new Iraqi police force.

The assessment of Portugal's role would prove contentious given the unpopularity of the Iraq War (Lança, 2017). However, its support of the U.S. may have averted the risk of Spain staking out a position as the preferred Iberian ally of the U.S., a scenario akin to that of the 1907 Pact of Cartagena (see above) and one which Portuguese diplomacy had always feared (Sá, 2016, p. 561). The rift caused by the Iraq War and the global war on terror continued to cause irritation between the U.S. and its European allies until the 2008 election of Barack Obama to the White House helped to generate goodwill towards the U.S. in Europe. The incoming president's promise of a more multilateral approach to foreign policy came as a relief to European capitals, and his approval ratings remained high in the Old Continent for years to come, even if U.S.-European divergence continued on many crucial issues (Nielsen, 2013).

The high hopes for transatlantic relations during Obama's tenure were somewhat dented by his administration's announcement of the 'pivot to Asia' – the idea that the rise of China and other Asian economies meant that the U.S. would from then on transfer its foreign-policy energies from the Atlantic to the Pacific (Clinton, 2011). In January 2012, the 'Asian pivot' was translated into defence policy in the Defence Strategic Guidance, which stated the aim of "reducing defence spending by about \$487 billion over 10 years", with the savings to be achieved partly through "a shift in geographical priorities toward the Asia and the Pacific region (...) while retaining emphasis on the Middle East" (Dale and Towell, 2013, pp. 1-2).

Despite that and other signals that the 'Asian pivot' was not a theoretical exercise, but rather an actual strategic shift, Portuguese decision-makers still showed themselves shocked and surprised by the American decision in November 2012 to downsize the U.S. forces based at Lajes (JN, 2012a). With an expected reduction of military personnel from around 760 to just 169 by 2014 (GEE, 2016, p. 17), the downsizing was perceived as shaking the very foundations of the Luso-American relationship. The fear of 'abandonment' had finally come to pass in a concrete, unignorable manner. Lisbon's diplomatic strategy was to attempt to revert the decision or at least obtain from the U.S. the installation of some alternative military infrastructure on the island. It achieved neither, managing only to delay the drawdown by a year (Gomes, 2025, pp. 311-313). It finally went ahead in 2015, to the general alarm of Portuguese and Azorean authorities over the impact on the economy of Terceira Island, where U.S. forces at Lajes Base employed more than 700 locals and generated significant economy activity (GEE, 2016, p. 36).

The blow to Luso-American relations and to Portugal's prestige could not have come at a worse moment, as the country had been embroiled in a financial and economic crisis for some years. The crisis had first broken out among U.S. financial institutions in 2007 and had gone global by the following year. In the Euro area it took the form of a sovereign debt crisis lasting from 2009 to as late as 2018 (in Greece). In Portugal, the worst of the



crisis was felt between 2011 and 2014, when the country implemented austerity measures, government budget cuts, and public sector reforms to meet the conditions for a €78 billion bailout. The painful fiscal adjustment programme, enforced partly by European institutions, was deeply resented by the majority of the Portuguese public (Moury and Freire, 2013).

With other European partners also beset by financial and economic difficulties – especially Spain, Portugal's main trade partner (INE, 2014) – it is natural that Lisbon should turn to the U.S. for economic opportunities. By 2013, Portugal had a €1156 million trade surplus with the U.S. (Leão and Nogueira, 2014, p. 5) and most of its exporting sectors were well placed to benefit from increased access to the U.S. market if the proposed U.S.-European trade agreement, the Transatlantic Trade and Investment Partnership (TTIP), went ahead (Leão and Nogueira, 2014). Since trade negotiations are long and complex processes, those benefits might not come in time to help Portugal out of its crisis, but in any case, the TTIP foundered when Donald Trump became president in 2017 and quickly initiated a trade dispute with the EU (Bilal and Imran, 2019, pp. 3-4, 16-17). With no help coming from either Europe or the U.S., Portugal decided to look farther away for investment and economic growth.

### **China and Portugal after the 2008 Economic Crisis**

The 2008 global financial crisis placed Portugal in a state of economic fragility that persisted in the following years. It was marked by high indebtedness, prolonged recession, and growing dependence on external assistance. As the EU proved unable to find effective solutions to the financial predicament – particularly in the peripheral regions of Southern Europe – countries such as China emerged as alternative sources for economic revitalization. Since the mid-1990s, the EU had been setting the rules for the West's relationship with China, in an example of the 'Europeanization' of Member States' foreign policies (Michalski, 2013). After Tiananmen, these were the years of "constructive engagement", a concept used by the European Commission in 1995 (Möller, 2002). Bilateral relations followed this pattern, with ties dominated by the economic agenda rather than political issues.

In this, Brussels revealed structural weaknesses. In its relationship with China, the EU's position was dominated by the major European powers, particularly Germany. Germany assumed the role of the "engine of Europe," driving massive exports of machinery and automobiles to China while purchasing cheap oil from Russia. Berlin became the indirect decision-making centre of the European economy, leaving Portugal and other Southern European countries in a vulnerable position, with diminished competitiveness (Münchau, 2024). Later, in the context of the sovereign debt crisis, Europe became a preferred destination for Chinese investment in the West, with Portugal standing out as a major recipient of capital inflows (Le Corre & Sepulchre, 2016).

The "wave of Chinese investment" across Europe gained momentum and reached Portugal mainly through the acquisition of equity in state-owned or private companies, primarily in the banking, insurance, and energy sectors (Ferreira-Pereira and Duarte 2021). Between 2011 and 2014, quantitative data indicate that Portugal ranked among



the top five European countries in terms of Chinese investment relative to the size of the economy (Araújo, 2024). Despite some analysts' surprise, Portugal also signed a strategic partnership with China, with its ties to the wider Lusophone world – encompassing over 220 million Portuguese speakers – regarded as geopolitically significant for Beijing (Le Corre, 2018).

Diplomatic ties between Portugal and China had always operated within a framework of good relations and this was strengthened by the successful transfer of Macau's administration to China in 1999. High-level meetings continued, even though economic exchanges between the two sides remained relatively modest, in contrast with other European countries such as Germany. The investment bubble changed these circumstances. In 2011, it was announced that China Three Gorges (CTG) had acquired a 21.35% stake in Energias de Portugal (EDP) for around €2.7 billion; the following year, State Grid (SG), part of the same group, purchased a 25% stake in Redes Energéticas Nacionais (REN) for approximately €387 million (EDP, 2011; Campos and Vicente, 2016). The investment from CTG, a Chinese state-owned energy company established in 1993 during the construction of the Three Gorges Dam on the Yangtze River, marked the beginning of Portugal's 'golden era' of Chinese investment (Silva, 2020).

Xi Jinping's visit to Portugal on 4–5 December 2018 served to consolidate bilateral cooperation. Portugal and China signed 17 bilateral agreements, with a focus on business and financial cooperation, at the Palace of Queluz. The Prime Minister, António Costa, sought to attract Chinese investments for partnerships with Portuguese companies, particularly in the industrial sector, rather than for asset acquisitions. Portugal was also indebted to China for its support of António Guterres' candidacy for UN Secretary-General in 2016. The Portuguese Prime Minister considered this support "decisive," personally expressing gratitude to the Chinese head of state during his official visit: "I take this opportunity to thank the People's Republic of China for its clear and firm support for António Guterres' candidacy for the position of Secretary-General of the United Nations" (Portuguese Government, 2016).

The 2018 visit also resulted in a memorandum of understanding on the BRI, particularly the "21st Century Maritime Silk Road" component, in which Portugal showed interest in participating. In the business sector, agreements were signed between Banco Comercial Português (BCP) and UnionPay. Another agreement signed was between Huawei and the Altice Portugal, the largest telecommunications provider in the country, for the roll out of 5G cellular networks. Huawei, founded in the late 1980s by Ren Zhengfei, a former officer of the People's Liberation Army, had become one of the world's most influential technology companies. Competing with major global players such as Cisco and Ericsson, Huawei's ascent has significantly intensified competition in the sector (Li, 2017). In higher education, plans were made to open a new Confucius Institute at the University of Porto and to establish a Chinese Studies Centre at the University of Coimbra. In late April 2019, President Marcelo Rebelo de Sousa reciprocated Xi's visit with a two-day trip to Macau, where he met the Chief Executive, Chui Sai On. His visit also included participation in the second Belt and Road Forum, a clear signal of Portugal's engagement in the Chinese mega-project (Silva, 2020).



Another area of mutual interest was the Atlantic, where Portugal's main source of geopolitical leverage lies. The 'Portuguese sea' holds enormous potential – energetic, commercial, logistical, financial, and, above all, political (Lima, 2016). Naturally, Portugal sought to attract investment into its maritime-port sector. For this purpose, the Minister for the Sea, Ana Paula Vitorino, undertook a trip to China in June 2018. In May the following year, Minister Vitorino accompanied a delegation that included the Minister of Natural Resources of the People's Republic of China, Lu Hao, to the Port of Sines. This visit, which took place within the framework of the Oceans Meeting 2019, aimed to showcase the operations and potential of this port infrastructure, the new investment opportunities at the port of Sines, and the potential role of Portugal and Sines in the BRI (Silva, 2020). Promoting the port of Sines to Chinese investors, the minister emphasized that "[it is] impossible for China to reach Europe without passing through the westernmost country of Europe," highlighting the need to extend the Maritime Silk Road to this final piece of the puzzle (Silva and Pereira, 2020). The aim was to enhance the future second container terminal, named Vasco da Gama, at the deep-water port of Sines, as well as to expand the existing Terminal XXI – developments that would allow the Portuguese port to accommodate even larger container ships. Portugal's strategy was to establish Sines as a leading port at the strategic crossroads between the Mediterranean Sea and the Atlantic Ocean.

Chinese interest in the Azores was also evident, though not openly acknowledged due to China's competitive stance with the U.S. (Rodrigues and Silva, 2020). Since 2012, there were clear signs – although cloaked in traditional Chinese diplomatic symbolism – that indicated China's interest in the Azores, even if political actors cautiously denied this. That year, Chinese Premier Wen Jiabao made a five-hour stop in Terceira Island, where Lajes Base is located. The discussions paved the way for the potential creation of a Portuguese-Chinese research center focused on marine sciences, involving the University of the Azores. In 2014, Xi Jinping also stopped in Terceira, where he met the President of the Regional Government of the Azores (Lusa, 2014). In 2016, Premier Li Keqiang made a two-day visit, which reportedly led to "worries" among Washington policymakers (Ames, 2016).

In 2017, a delegation from the Chinese Ministry of Science and Technology and the Chinese Academy of Sciences visited the Azores to assess the islands' potential for the development of joint projects (Macao Forum, 2017). Among the scientific, business, and political sectors, a dynamic network of contacts and interactions emerged, although the results fell short of expectations initially raised. Specifically, the International Atlantic Research Center (AIR Centre) was established, involving the regional government, the University of the Azores, and the Foundation for Science and Technology (FCT). The AIR Centre brought together several international partners from the Atlantic basin, but left out China, which did not invest in the project (Silva, 2020).

The post-financial crisis period of deepening bilateral ties between China and Portugal had its high-water mark in 2019. Regarding the state of bilateral relations in that year, Ambassador José Augusto Duarte stated:

*In a single word: Excellent. To elaborate, despite Portugal and China having a long-standing relationship of dialogue and mutual understanding, initiated*



*in 1513 and without a single military conflict, it has been in the past 40 years that contacts between the two countries have intensified substantially, with all Presidents of both countries exchanging bilateral visits since 1980, the successful negotiations for the return of Macau, and more recently, the growth of economic relations—both in trade and investment (Duarte, 2019).*

However, 2020 would bring new challenges for Europe-China relations due to a global pandemic that disrupted the flow of globalization. COVID-19 not only interrupted routine foreign-policy initiatives, but also introduced contentious issues in interstate relations, including vaccine development and provision, disparate travel restrictions and lockdown policies, and even giving rise to a 'blame game' over the origins of the SARS-CoV-2 virus (Cabestan, 2022; Loh and Loke, 2024). Nevertheless, trade with China still provided Portugal with an expanding outlet for exports in 2021 (p. 88).

### **Dancing with the Powers: Lisbon between Brussels, Washington, and Beijing since 2019**

If we take Portuguese foreign policy to be predominantly "Euroatlantic" since 1976, when it became a liberal democracy, then there could not but be a sense of existential crisis in 2012-2015. This period saw the coincidence of America's Asian pivot – made very real for Portugal with the downsizing of the forces at Lajes Field – and the rigorous treatment at the hands of European institutions during the Eurozone crisis. The acronym TINA – standing for "There is no alternative" was used for austerity policies in several EU countries, Portugal included, but it seemed to also apply to foreign policy. But perhaps there *was* an alternative, and investment and prestige could be found elsewhere. Given that, as we have seen, the alternative came in the shape of China, a rival great power to the U.S., making Portugal's receptiveness to Chinese advances a case of hedging.

Thus, it was within the constraints of a small state whose traditional diplomatic alignments are faltering that Portugal sought to diversify its diplomatic economic partnerships, albeit without any desire to burn bridges with its Euro-Atlantic partners. As a member state of the EU and a founding member of NATO, Portugal has tended to align closely with the U.S. in strategic, political, and military terms, but both in 2012-2015 and in the post-pandemic period this alignment has recently proven contextual and moderate. Uncertain that it could continue to draw on a supposed 'special relationship' with the U.S. as a source of derivative power, Portugal has increasingly valued European "strategic autonomy", an idea also supported by Chinese diplomacy. But European policy towards China has also shifted following COVID-19 pandemic, increasingly framing China as a systemic rival, a perspective in many ways justified by China's global ambitions and by Trump's own 'America First' agenda, which ushered in frequent great-power clashes.

In this context, China – its role in the international system and its relations with different states – quickly became the focus of public debate, while at the same time its image in many parts of the world began to deteriorate (Pew Research Center, 2020). This increasingly negative perception of China resulting from the COVID-19 'blame game' was also evident in the Portuguese case, though not to the same extent as in U.S.. This may



have influenced the Portuguese government to adopt a more cautious approach in its relations with China (Fernandes et al., 2022). Even before the pandemic, the EU had been on the same path as a response to the pressure from the Trump administration. The European Commission's EU-China Strategic Outlook stated clearly that:

*China is, simultaneously, in different policy areas, a partner for cooperation with whom the EU has aligned objectives, a negotiation partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival in promoting alternative governance models (European Commission, 2020).*

In practice, however, Portugal and other states did not adhere completely to the EU's new line on China. The rift started to become noticeable in the Euro area crisis. As shown by Raimundo, Stavridis and Tzardinidis (2021), the perception of a harsh treatment at the hands of European institutions led to a relative 'de-Europeanization' of Portuguese foreign policy. The authors demonstrate this precisely through Portugal's approach to China, which started to diverge from the EU mainstream by deepening ties with China, albeit not as overtly as Greece and always attempting to separate political and economic issues (p. 444).

Indeed, Portugal's hedging behaviour was carefully limited, as it continues to prioritize its relations with liberal democracies that have pluralistic political systems, hold free elections, and uphold the rule of law. It does not make its privileged presence in Macau over the centuries a differentiating factor, instead following the same diplomatic line as the EU. It remains committed to defending the liberal international order and the institutions that support it, and does not support revoking the current international order, promoting illiberal values, or advocating for global "dedollarization". Despite this, Portugal maintains important economic relations with China, even though China has a one-party authoritarian regime, with strong police control and very limited individual freedoms. Beijing has reintroduced the 'strongman' leadership model in the figure of Xi Jinping, to the detriment of political institutionalization (Tsang, 2024). Lisbon has stepped back from its initial cooperative stance, now expressing some reservations. One example is Lisbon's more cautious position regarding certain technologies, such as 5G.

European institutions adopted a cautious approach to China, balancing engagement with security and emphasizing coordinated transatlantic strategies. Technological competition became one of the main focal points, as the U.S. and China compete over next-generation wireless networks and the development of leading-edge Artificial Intelligence. China has invested heavily to achieve strategic leadership and develop a self-sufficient domestic tech industry, while collaborating with foreign partners for expertise and market access. These technologies raise concerns about data security, espionage, and manipulation, especially since Chinese private companies are legally aligned with state interests, including intelligence and military objectives, at a time when societies seek to limit digital disinformation.

In Portugal as in many other European countries, Huawei became the focus of the tussle between the U.S. and China over communications infrastructure (Tang, 2022). Portugal's



leading telecoms operator signed a memorandum of understanding for the development of 5G networks in the country (Huawei, 2018). In a visit to Portugal in December 2019, U.S. Secretary of State Mike Pompeo warned the country against the “security risk” of allowing Chinese Huawei into its telecommunications system, to which Chinese diplomacy responded by accusing the U.S. of “Cold War mentality” (DN, 2019). The U.S. stepped up the pressure over the following year, with several U.S. officials, including the Ambassador, prodding Portugal to reject Huawei involvement in any part of its communications network (Lusa and Público, 2020). Eventually, Lisbon bucked to American pressure and aligned with European policy on the issue through a 2023 deliberation of the High Council for Cyberspace Security<sup>2</sup> declaring 5G technology to be a “high risk” matter from which countries not belonging to the EU, NATO, or the OECD should be excluded as partners (PCM, 2023).

Thus, Portuguese hedging was curbed as the government clearly began to shift its previous relationship with China, aligning more closely with the Euro-Atlantic axis. Reports began to be published, and information disseminated about the dangers of Chinese technology, fuelling public concern. The 2018 Global Cybersecurity Index (GCI, 2019) ranked Portugal 42<sup>nd</sup> globally and 25<sup>th</sup> in Europe, a relatively modest position. By comparison, Spain ranks 7<sup>th</sup> globally and 5<sup>th</sup> in Europe; the U.S. is 2<sup>nd</sup> worldwide, following the United Kingdom, while China ranks 25<sup>th</sup> globally. The 2020 Annual Internal Security Report (RASI), submitted to the Portuguese Parliament in March 2021, mentioned an increase in state-sponsored cyber-espionage originating from China and Russia (Portuguese Government, 2020).

## Conclusion

Framed by the chronology of Portugal’s relationship with the U.S. and of Portugal’s difficult relationship with the EU during the Euro area crisis, the ‘intensification’ of Portuguese-Chinese dialogue certainly appears to be prompted by the simultaneous failure of the two pillars of Portugal’s Euroatlanticist foreign policy; in other words, a case of hedging. Thus, Portugal’s position in the contemporary world is divided between its long-standing diplomatic commitments and the new opportunities for cooperation with rising powers. In a context marked by competition between China and the U.S., smaller and less powerful actors such as Portugal are compelled to carefully manage their external relationships. The country’s alignment with the liberal democratic sphere, and particularly with Washington, forms the foundation of its foreign relations. Due to the physical, political, and cultural distance – despite centuries of interaction – Portugal’s relationship with Beijing is less evident and close. It does not appear that it has ever been China’s intention to converge with Western political values and models, and for that reason, the relationship will always remain of secondary importance.

The Euro area crisis, which coincided with a difficult period in Luso-American relations, created the conditions for the country to pursue a somewhat different path. Its closer relationship with China, however, was one of occasional and transactional opportunities rather than a structural partnership. The two nations belong to distinct political spheres

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<sup>2</sup> Conselho Superior de Segurança do Ciberespaço.



that are now on a collision course, even though Lisbon's openness to the Global South remains intact. This outcome appears to support the idea that hedging is becoming more difficult to carry out in a world where great-power conflict is more intense. Portugal did not abandon any of its traditional relationships, and the dominant narrative about its foreign policy remained that of 'Euro-Atlanticism'. However, Portugal also welcomed China's soft-power advances, receiving investment in areas critical to national security, such as the electric grid, potentially sowing the seeds of future vulnerability to pressure from the rising systemic rival of the U.S.. From these circumstances, it appears that the main driver of that hedging behaviour was the economic and financial crisis. If that were all – if Portugal was only seeking resources for domestic reasons – the idea that Portugal was not strategic about its hedging would be strengthened.

However, it should not be forgotten that in 2012-2015 the U.S. had downsized their military presence in the Azores and showed little openness to the attempts of Portuguese diplomacy to find alternatives to it. If the feeling of being (at least partly) abandoned by its traditional great-power ally influenced in Portugal's decisions regarding the deepening of ties of China, then an external driver is added to the more obvious domestic motivation. One indication of this is the way in which the outreach to China was used by policymakers to improve their negotiating position vis-à-vis the U.S. over the Lajes Base issue. After the announcement of the American drawdown, national newspaper *Público* retroactively interpreted Wen Jiabao's visit a few months earlier as a useful demonstration of Chinese interest in using the base themselves (Lourenço, 2012). After diplomatic efforts failed and the downsizing went ahead in 2015, the President of the Azorean Regional Government, Vasco Cordeiro, gave an interview to national broadcaster *RTP* where he was asked whether if the country might "think about delivering Lajes to China as a way to put pressure on the Americans". He rejected any military use by Chinese forces but pointedly did not do so for civilian uses (RTP, 2015), suggesting that China had indeed become a trump card in negotiations with the U.S..

In this account, hedging appears as a conscious, and therefore strategic, choice. Whether that strategy was one of 'signalling' to the U.S. that Portugal had value as an ally, or one of seeking an 'insurance policy' against complete abandonment for the U.S. – or indeed both – is a question worthy of future scholarly attention. Answering it matters not only for the burgeoning academic literature on hedging and its use by European small states, but also because, after COVID-19 and now faced with a more unilateral U.S. foreign policy, Portugal may be tempted to resume its hedging behaviour towards China. If Prime Minister's Luís Montenegro's trip to China in September 2025 is any indication, this question will continue to demand an answer in the coming years.

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## **HYBRID ADMINISTRATIVE TRADITIONS IN MACAO SAR: BETWEEN NAPOLEONIC AND CHINESE ADMINISTRATIVE TRADITIONS**

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### **Abstract**

Macao is a Special Administrative Region of the People's Republic of China, governed by the principle of 'One Country, Two Systems'. With a Portuguese historical legacy lasting more than 400 years, which continued until December 1999, we consider that the Region has a very particular model of public administration and is undergoing a gradual process of administrative reform, which is the subject of this article. Its public administration is not limited to a linear continuation of the Portuguese period, nor is it a simple transposition of the administrative model of the People's Republic of China; rather, it is a hybrid configuration, in which the Napoleonic legacy (of Portuguese origin) provides a resilient legal-administrative support, recontextualized by a post-1999 political-administrative logic associated with the Chinese administrative tradition (of Confucian origin). The results point to a configuration in which the legal and administrative support remains predominantly Napoleonic (legalism, uniformity, legal and administrative control mechanisms), while the political logic shows Confucian traits (centrality of the executive, vertical accountability and primacy of stability). We conclude that Macao exhibits a relatively stable hybrid model, resulting from the coexistence and



recombination of distinct (but also similar) administrative traditions, with incremental adaptations that preserve the inherited legalistic basis and simultaneously reinforce political coordination mechanisms typical of the Chinese context.

### Keywords

Administrative traditions, Macao SAR, One Country, Two Systems, Napoleonic and Chinese tradition.

### Resumo

Macau é uma Região Administrativa Especial da República Popular da China, regida pelo princípio de “Um País, Dois Sistemas”. Com um legado histórico português com mais de quatro séculos, que perdurou até dezembro de 1999, consideramos que a Região apresenta um modelo de administração pública particularmente singular e atualmente em processo gradual de reforma administrativa — objeto central deste estudo. A sua administração pública não constitui uma mera continuidade linear do período português, nem resulta de uma simples transposição do modelo administrativo da República Popular da China; trata-se, antes, de uma configuração híbrida, em que o legado napoleónico (de matriz portuguesa) fornece um suporte jurídico-administrativo resiliente, recontextualizado por uma lógica político-administrativos pós-1999 associada à tradição administrativa chinesa (de origem confuciana). Os resultados apontam para uma configuração na qual o enquadramento jurídico-administrativo permanece predominantemente napoleónico (legalismo, uniformidade, mecanismos de controlo jurídico e administrativo), enquanto a lógica política revela traços confucianos (centralidade do executivo, responsabilização vertical e primazia da estabilidade). Concluímos que Macau apresenta um modelo híbrido relativamente estável, resultante da coexistência e recombinação de tradições administrativas distintas - embora também similares - com adaptações incrementais que preservam a base legalista herdada e, simultaneamente, reforçam mecanismos de coordenação política típicos do contexto chinês.

### Palavras-chave

Tradições administrativas, RAEM de Macau, Um País, Dois Sistemas, Tradição napoleónica e chinesa.

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## **HYBRID ADMINISTRATIVE TRADITIONS IN MACAO SAR: BETWEEN NAPOLEONIC AND CHINESE ADMINISTRATIVE TRADITIONS**

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### **1. Introduction**

In recent decades, public administration reforms have established themselves as key instruments for modernizing the state, with a view to improving the efficiency, effectiveness, transparency, integrity and quality of public services. In this context, the Macao Special Administrative Region (MSAR) is particularly relevant: the transfer of administration to China (20 December 1999), negotiated following the Sino-Portuguese Joint Declaration (1987), presented the MSAR with the challenge of preserving institutional continuity and stability, while adjusting structures, practices and public policies to the new political and socio-economic conditions.

The singularity of Macao's public administration results from an unusual historical and institutional overlap. On the one hand, over centuries, the region consolidated an administrative model associated with the Napoleonic tradition, characterized by legalism, procedural formalism, centralization and a legal-administrative regime. On the other hand, the post-1999 period has intensified the influence of the Chinese administrative tradition, marked by a strong primacy of executive power, hierarchy and state-centric coordination, with a political-administrative relationship that is often more fused than separate. Comparatively speaking, the case of Macao suggests that the "hybridity" in SARs should be specified by the traditions in interaction. Unlike Hong Kong – often read as a hybrid dynamic between Anglo-Saxon administrative institutions and Chinese governance – in Macao, hybridity results from the combination of a Napoleonic legal-administrative legacy and Chinese mechanisms of political-administrative coordination.

This study therefore has the following main objective: to understand how Napoleonic and Chinese traditions have conditioned and shaped this process, contributing to the contemporary configuration of a hybrid model of public governance in the MSAR. The research question focuses on: how do Napoleonic and Chinese traditions influence Macao's public administration, making it a hybrid case?

The results show that Napoleonic and Chinese administrative traditions influence administrative reform in Macao not as parallel legacies, but as interacting mechanisms. The Napoleonic legacy provides a resilient legal-administrative infrastructure – legalism,



uniformity, procedural predictability and strong legal scrutiny – through which reform tends to advance incrementally and stabilize institutionally. At the same time, post-1999 political and administrative logics have reconfigured the exercise of authority and the way accountability is organised: the centrality of the executive, the fusion of politics and administration, and a predominantly vertical chain of accountability structure the conduct of reform, leadership control, and administrative coordination. The result is a relatively stable hybrid configuration, in which legal continuity sustains capacity and predictability, while vertical coordination conditions priorities, elite control, and practical limits on participation and democratic accountability.

## **2. Administrative Traditions: Concept and Administrative Hybridity, Dimensions**

For Peters (2008), an administrative tradition can be understood as “an historically based set of values, structures and relationships with other institutions that defines the nature of appropriate public administration within society” (p. 118). Administrative traditions have roots that go back centuries and continue to influence current administrative behavior. It is important to note that, although rooted in the past, administrative traditions are not static (Peters, 2021). They interact with new ideas, constraints and political dynamics, producing patterns of change over time (Painter & Peters, 2010b).

Peters (2021) argues that, despite their historical origins, traditions have contemporary relevance and continue to influence the patterns of public bureaucracies. As Painter and Peters (2010a) and Peters (2021) point out, administrative traditions impose paths of development (path dependence) that explain why different countries, subject to similar international pressures for reforms inspired by management models, follow different reform trajectories conditioned by their institutionalized legacies.

In the field of comparative public administration science, several authors have identified families of countries that share similar administrative traditions due to common historical and cultural experiences (Heady, 2011; Kuhlmann et al., 2025; Painter & Peters, 2010a). Painter and Peters (2010b), for example, classified national bureaucracies into four major families: Anglo-Saxon, Napoleonic (or continental European), Germanic, and Nordic (Scandinavian), to which they add the administrative traditions of post-colonial Latin America, South Asia, and Africa, East Asia, the Soviet Union, and the Islamic world.

Recent literature recognizes that classic “families” of administrative traditions do not always accurately capture the empirical diversity of administrative systems. In Jugl’s (2025) study, administrative traditions are reconceptualized and measured in two dimensions – citizen orientation and structural concentration –, which appear to be largely independent, allowing for empirical observation of multiple combinations of characteristics and relevant variation within the supposed families. Despite this, the author shows that much of the literature continues to operationalize administrative traditions through categorical classifications (“families”), often with little empirical transparency, which limits systematic comparison and the identification of more nuanced patterns.



In theoretical terms, a hybrid administrative tradition describes an administrative system that combines elements from different families or historical-administrative legacies. Jugl (2025) observes that administrative traditions often exhibit a hybrid nature and openness to exogenous ideas. In fact, the literature on public administration recognizes that:

*Traditions are likely to be hybrid and more complex than what is suggested by the AT families and the previous focus on paradigmatic cases; and while hybridity is acknowledged in the theoretical discussion on AT (...) it has hardly been studied empirically in comparative public administration (Jugl, 2025, pp. 13–14).*

Precisely because hybridity refers to variable combinations of attributes – and not just to belonging to a “family” – it becomes analytically useful to break down administrative tradition into dimensions. In *Tradition and Public Administration* (2010a), Painter and Peters propose a comparative framework to clarify the concept of administrative traditions, operationalizing it through four analytical dimensions: (i) State and Society; (ii) Law vs. Management; (iii) Administration and Politics; and (iv) Accountability.

The first dimension (State and Society) encompasses both the conceptualization of the State (whether understood as an organic entity or as a contractual construct) and the role it assumes in relation to society and the economy. This includes contrasting models such as a centralized and interventionist State versus a limited State oriented toward safeguarding market guarantees. Traditionally, comparative analyses have highlighted, for instance, the organic conception of the State prevalent in continental traditions, where the State is regarded as the embodiment of the common good and vested with legitimate authority to shape societal structures. This stands in sharp contrast to the more contractual perspective characteristic of Anglo-Saxon traditions, in which the State is conceived as the outcome of a social agreement, with functions narrowly defined and constrained by societal consent.

This dimension is critical because it reflects foundational assumptions about sovereignty, legitimacy, and the scope of governmental authority. The organic view, rooted in continental European thought, tends to emphasize hierarchical integration and normative unity, positioning the State as a moral and political agent responsible for articulating collective interests and ensuring social cohesion. Conversely, the contractual paradigm, deeply embedded in liberal Anglo-American traditions, prioritizes individual autonomy and market mechanisms, framing the State as a neutral arbiter whose legitimacy derives from consent rather than transcendental notions of the common good. These divergent conceptions have profound implications for administrative design, policy-making, and the balance between regulation and freedom, shaping not only institutional architectures but also the normative expectations of governance within different cultural and historical contexts.

The second dimension (Law vs. Management) lies in the role conception of the administrative systems: the juridical administrator who applies codified law with procedural correctness (strong in Napoleonic/Germanic traditions) versus the managerial administrator who prioritizes results, efficiency, and organizational performance (strong



in Anglo-American traditions). This dimension is particularly significant because it reveals the normative foundations and operational priorities of administrative systems. A legalistic orientation, deeply rooted in continental European and Napoleonic traditions, emphasizes procedural correctness, predictability, and the supremacy of law as a safeguard of legitimacy and equality before the State. In such systems, administrative discretion is minimized, and compliance with codified norms is considered the cornerstone of public integrity. Conversely, managerial approaches, inspired by Anglo-American pragmatism and reinforced by the doctrines of NPM, privilege outcomes over processes, advocating for flexibility, innovation, and performance metrics as drivers of administrative effectiveness (Painter & Peters, 2010a; Peters, 2021). This shift from rule-bound administration to results-oriented governance reflects broader transformations in public sector paradigms, including the diffusion of private-sector management techniques and the growing emphasis on accountability through measurable outputs rather than formal adherence to legal norms. The tension between these two orientations continues to shape contemporary debates on administrative reform, efficiency, and democratic legitimacy (Painter & Peters, 2010a; Peters, 2021).

The dimension of "Administration and Politics" addresses the degree of politicization within the civil service and the structural relationship between political and administrative spheres. It asks to what extent political actors (such as elected officials and parties) shape the internal functioning of public administration, particularly regarding appointments, career progression, and bureaucratic decision-making. As Peters (2021) emphasizes, this dimension is crucial for distinguishing administrative traditions. In contractarian systems, such as those within the Anglo-American tradition, the normative ideal is a clear separation between politics and administration, grounded in principles of neutrality, merit, and permanence. The British civil service model exemplifies this approach, conceiving the bureaucracy as an instrument of law rather than an extension of partisan authority. Conversely, organic conceptions of the State, typical of Napoleonic or patrimonial traditions, foster more permeable boundaries between politics and administration. In these contexts, political control over the bureaucracy is often institutionalized through patronage or systems such as the spoils system, historically prevalent in the United States (Painter & Peters, 2010a; Peters, 2021). This dimension also reflects contemporary tensions. Reforms inspired by NPM have introduced performance-based accountability and contractual appointments, challenging the traditional separation of roles. However, historical institutionalist perspectives underscore the resilience of inherited patterns: administrative traditions act as "default options," shaping the trajectory and interpretation of reforms.

Finally, "Accountability" reflects how the bureaucracy is held responsible for its actions and decisions. Mechanisms of accountability vary across administrative traditions and can be broadly categorized into legal/formal controls and political/public controls. Legalistic approaches emphasize compliance with codified norms and hierarchical supervision, enforced through instruments such as administrative courts, audit courts, inspectorates, and internal procedural rules. In contrast, political and societal mechanisms rely on parliamentary oversight, media scrutiny, and civil society



engagement, prioritizing transparency and responsiveness (Painter & Peters, 2010a; Peters, 2021).

As developed by the same authors, further distinction concerns the timing of accountability:

- *Ex ante* accountability involves preventive measures, such as prior authorization or legal review before administrative action (e.g., the role of the Conseil d'État in Napoleonic systems).
- *Ex post* accountability occurs after decisions are implemented, through audits, judicial review, parliamentary inquiries, or electoral processes.

This dimension is critical for understanding variations in governance, as it shapes the incentives and behaviour of public officials, influences administrative culture, and determines the degree of openness and trust between State and Society.

These four dimensions proposed in 2010 provided an initial analytical framework for comparing and contrasting administrative families. However, subsequent research has broadened this set of attributes to capture additional relevant characteristics. In his most recent work, *Administrative Traditions: Understanding the Roots of Contemporary Administrative Behavior* (Peters, 2021), the author retained the original axes while incorporating further elements to offer a more comprehensive view of administrative traditions.

Among the additions, four dimensions stand out.

The fifth dimension concerns the orientation of public administration toward authority versus service to citizens. This attribute, referred to by Peters as the "Administration versus Service" dimension, examines whether public officials primarily conceive of themselves as executors of laws and programs defined by political leaders (the classical administrative function) or as service providers oriented toward meeting the needs and expectations of citizens as "clients" of public services. This dimension, introduced in Peters' 2021 book, reflects the influence of recent paradigms such as citizen-oriented management and the concept of public service motivation, even though it remains relatively underexplored in the literature. It signals a normative shift from a state-centric, rule-bound conception of administration toward models emphasizing responsiveness, co-production, and user satisfaction. These developments challenge traditional bureaucratic identities and raise governance-related questions about the balance between legality, efficiency, and democratic legitimacy.

The sixth dimension is "The Career". This dimension refers to the extent to which public employment constitutes a distinct civil service career, clearly differentiated from political careers and private-sector employment, and to whether officials tend (or not) to remain in government for most of their working lives.

The seventh dimension is "State and Society II" that is, the legitimate role played by societal actors (e.g., interest groups, experts, and citizens) in shaping public policy, both in its formulation and implementation.



The eighth and final dimension is “Uniformity”. Uniformity refers to the extent to which the State can ensure that public administration applies policies and procedures in a similar way across the entire territory, limiting variation between services and regions.

### 3. Napoleonic and Chinese Administrative Tradition

In the case of the Macao Special Administrative Region, for example, we consider the coexistence between the Napoleonic administrative tradition (as Macao was a territory under Portuguese administration for more than four centuries) and the Chinese administrative tradition (with origins dating back to the Qin dynasty) explains not only how changes were implemented, but also the resistance and adaptations that occurred over time – allowing us to analyze the case of the Macao Special Administrative Region as a cluster of the coexistence of two administrative traditions.

Table 1 summarizes the similarities and differences between the Napoleonic and Asian (Confucian, which was largely influenced by China) administrative traditions. This allows us to illustrate how the overlap of these two administrative traditions – the European legal and organizational structure and the values and mechanisms of Chinese administration – manifests itself in the administrative practice of the Macao Special Administrative Region<sup>1</sup>.

<b>Table 1 - Napoleonic and Asian (Confucian) Traditions</b>		
State tradition	Napoleonic	Asian (Confucian)
Law vs. management	Organic	Organic
Administration and politics	Law	Mixed
Administration or service	Fused	Fused
State and society II	Administration	Administration
Uniformity	Mixed	Pluralist/illegitimate
Accountability	Uniform	Uniform
Source: Authors based on Peters (2021, p. 162)		

#### 3.1 Napoleonic Administrative Tradition

Our analysis refers to the Napoleonic model, developed in France in the 18th and 19th centuries, which influenced southern European countries such as Portugal, Spain, Italy, and Greece (Painter & Peters, 2010a). This model reflects the influence of the Enlightenment, especially Rousseau's theory of democracy and Montesquieu's separation of powers (Ziller, 2003). In these systems, the law serves as a tool of the State to organize and control society, not just to resolve conflicts between individuals. Public administration is heavily regulated by a legal hierarchy that includes the Constitution, laws, regulations, and other norms, which consequently exercise strict control over what civil servants can do, through specialized courts (Painter & Peters, 2010a; B. G. Peters, 2008).

<sup>1</sup> Our analysis didn't include the element “career”.



The French State is centralized and technocratic, playing an important role in nation-building. Senior positions in public administration are held by an administrative elite who were educated at prestigious schools. These officials often transition from public service to political office seamlessly, as their roles are clearly defined by law. In southern European countries, there is a great deal of legal formalism, or many rules and procedures. However, in practice, informal arrangements are often used to achieve objectives. This encourages clientelism, patronage, nepotism, and sometimes corruption. Additionally, appointments are highly politicized, and many public positions are used as political favors. This contributes to an excess of civil servants and a less professional and less efficient administration (Painter & Peters, 2010a; B. G. Peters, 2008).

Thus, the Napoleonic administrative tradition is characterized by an organic conception of the State, in which the State is invested with legitimate power to exercise authority over society. It is also characterized by a highly centralized and hierarchical state structure with little room for interest groups to intervene in the public policy-making process. This intervention is even seen as illegitimate. Additionally, it is a tradition marked by the primacy of formalism and legalism, or the principle of legality, which shapes administrative action around legal norms (Painter & Peters, 2010b; Peters, 2008).

### **3.2 Chinese Administrative Tradition**

China has the oldest and most deeply rooted administrative system in the world. Its origins date back to the Qin dynasty (221–206 BC) through a highly bureaucratic system that is considered one of the most enduring elements of Chinese civilization (Dwivedi, 2003). The Chinese administrative tradition reflects a long history of centralization and hierarchical control, shaped by cultural values and philosophies rooted in Confucianism and legalism (Dong et al., 2010; Dwivedi, 2003).

Painter e Peters (2010b) argue that the Confucian administrative tradition combines philosophical ideas with practices of the Chinese empire, and it is possible to verify that the Confucian administrative tradition (principles of virtue, meritocracy, rituals, and reciprocity) is, for Painter and Peters (2010b), the ideological matrix that gave rise to the Chinese administrative tradition. Although the Chinese administrative tradition has undergone numerous “reinterpretations” (Yuan, Ming, Qing, Republic, Maoism), Cheung (2010b) notes that the Confucian core has persisted in people's mindsets.

The Confucian administrative tradition combines philosophical ideas with Chinese imperial practices. During the Han era, scholars began to integrate into the State as mandarins, linking the central government to local authorities. In Confucianism, ritual and reciprocity-maintained order better than laws. Relying on virtuous men could lead to favoritism, but meritocracy prevailed: scholars were recruited through imperial examinations, assessing literacy and knowledge of the classics. Despite this, examinations could fail or be corrupted (Painter & Peters, 2010a). Despite the destruction of imperial institutions by the republican revolution and the communist regime, the Confucian core – especially moral leadership, hierarchical relationships, and the ruler's obligation to cultivate virtue – remained in the mindsets of Chinese cadres. Even in Mao's



restructuring, cadres were evaluated for their moral integrity and paternalistic style. It was only after the reforms of the late 1970s that these values came to be presented as “socialist virtues,” but their impact on administrative culture remained unquestionable.

The influence of continental Europe on Chinese administration became particularly visible from the late 19th century onwards, when the need to modernize the State was recognized (Cheung, 2010). Inspired by French legal codes and the Prussian bureaucratic model, Chinese reformers adapted principles such as the uniform codification of laws and the creation of ministries organized by function (Painter & Peters, 2010b). Thus, a continental-style legal system was introduced that coexisted with the Confucian tradition of hierarchy and meritocracy (Peters, 2021) which we can analyse in Table 2.

<b>Table 2 – Asian traditions (Confucian), European Transplants</b>	
<b>Transplant</b>	<b>Confucian</b>
Continental Europe	Japan, Korea, Taiwan, China, Vietnam [to this set we add Macao]
Anglo-American	Hong Kong, Singapore
Source: Authors based on Peters (2010b), p. 26)	

China's administrative tradition continues to evolve, especially in the context of reforms that began at the end of the 20th century. These reforms maintain centralization and hierarchical principles as basic foundations while incorporating modernization and anti-corruption mechanisms. The goal is to strengthen ethics in public services and increase the efficiency of public administration (Alsancak et al., 2022; Cheung, 2010; Dong et al., 2010).

#### **4. Methodology**

The research is based on a qualitative design, structured as a case study of the Macao SAR, understood as an institutional configuration where elements of the Napoleonic administrative tradition (legacy of Portuguese administration) and the Chinese administrative tradition (of Confucian origin) coexist and combine.

Specifically, the analysis is organized according to the seven dimensions we identified in the literature, allowing us to observe whether the MSAR is closer to a Napoleonic model, a Confucian model, or a combination of the two. The grid is applied to the following dimensions: (i) State–society I; (ii) law vs. management; (iii) administration and politics; (iv) administration vs. service; (v) State–society II; (vi) uniformity; and (vii) accountability<sup>2</sup>.

The evidence strategy is predominantly documental and bibliographical, combining: (a) academic literature on administrative traditions and administrative reforms; (b) legal-institutional and governance references relevant to the political-administrative design of

<sup>2</sup> In our analysis, we chose to exclude the dimension “The Career”, since, in Peters’ original framework (2021), this dimension is not used in the comparison of European and Asian administrative traditions (see p. 162).



the MSAR; and (c) secondary information supporting the bibliographical references. This triple approach allows us to sustain a dimensional reading without relying on a single source or a single type of evidence.

The point is, hybridity shouldn't be seen as a static mix of "Portuguese" and "Chinese" traits. Administrative traditions have historical roots, but remain open to recombination under new political constraints and under the influence of ideas of modernization; therefore, the decisive point is to understand how competing logics are activated, reconciled or hierarchized in different arenas of governance. Based on this premise, we treat Macao's hybridity as an empirical question: across the seven dimensions, we identify observable indicators associated with Napoleonic legalism and Chinese political-administrative coordination, examining how their interaction shapes path dependence in the MSAR.

Finally, it is important to highlight a methodological limitation: as this is primarily a documental and conceptual analysis, the study focuses on characterizing the model and its logic, and could be further developed in subsequent works using additional methods (e.g. interviews with managers and technicians, observation of implementation, analysis of administrative processes) to test in greater detail how hybridity translates into administrative routines and concrete public policy outcomes.

## 5. Discussion and results

Based on the theoretical framework and the data collected, the assumptions that Macao harbours characteristics from two major administrative traditions – Napoleonic and Confucian (Chinese) – resulting in a hybrid model are confirmed. In this section, we discuss the dimensional results of the analysis, examining each of the seven dimensions in the context of Macao, in light of administrative traditions. In each dimension, we identify the aspects that correspond to the Portuguese/Napoleonic legacy, those that reflect Chinese/Confucian influence, and how the interaction between the two shapes the current policies and administration of the MSAR.

Aspect	Macao as hybrid configuration tradition	Justification
State tradition	Organic	Strong executive; priority given to stability/order ("One Country, Two Systems" with central oversight).
Law vs. management	Mixed elements law	Rule-based culture; incremental modernisation (simplification, e-government, performance management).
Administration and politics	Fused	Appointments and control of senior management by the Chief Executive; criteria of trust/political loyalty.



Administration and service	Administration with service elements	"Serving the people" and improvements in service (one-stop, quality letters), but formalistic/bureaucratic routines persist.
State and society II	Mixed, tending to limited	Many advisory councils and dense associations, but with a government agenda and limited autonomy (risk of formal consulting).
Uniformity	Uniform	Small region; lack of autonomous local power; common procedures/statutes (uniformity "from within").
Accountability	Predominantly legal with mixed elements	Predominance of legal and ex post control: courts (including Administrative Court) + CACC + Audit Commission; more limited political-democratic scrutiny.
Source: Authors <sup>3</sup>		

### 5.1 State and Society - I

According to Yee (2001), the transition and institutional design of the MSAR are based on a strongly state-centric model of governance: the process is led by Beijing in cooperation with pro-China economic and associative elites, while the population remains largely in a political culture of "subjects", valuing stability, order and government leadership. This combination of a strong executive, elite consensus and paternalism reinforces the idea of a Special Administrative Region that combines Napoleonic centralist organicism with the Chinese administrative tradition of benevolent authority (Castellucci, 2012). Indicators of this are evident in multiple aspects.

Constitutionally, the Basic Law of Macao confers significant powers on the Chief Executive, a single-person body that accumulates the functions of head of government and concentrates executive power. The Chief Executive is not elected by universal suffrage, but chosen and appointed by the Central People's Government of China (Gouveia, 2012). The legitimacy of the Macao SAR government does not come from universal suffrage, but from a process defined by the central authority (Beijing), reinforcing the notion of a tutelary State: ultimately, it is the Chinese State that delegates authority to the Macao government (Gouveia, 2012). However, within Macao, this authority is exercised in a Napoleonic manner and centralized (Chou, 2004; Peters, 2021).

Another indicator of the organic and centralizing character of the Macao Region is the absence of significant challenges to its authority or movements that question the prominent role of the government. Research indicates that, even after the transition, Macao's civil society remained relatively weak and submissive, with high levels of trust or, at least, passive acceptance of authority on the part of citizens (Ho, 2015; Kwong, 2011). As Choi (2011) points out, relations between Macao and the Central Government have been marked by cooperation, but it is clear that the national interests defined by

<sup>3</sup> The authors present the results based on Table 1, structured according to the analytical dimensions proposed by Peters (2021).



Beijing take precedence in the strategic guidelines of the Macao SAR. This means that Macao is part of a framework of sovereignty in which the State (in this case, the Chinese State through its local representative) retains the right and duty to govern the territory according to broader national objectives, which take precedence over local requests. There was therefore no contractualist or liberal reorientation of the Region after 1999; on the contrary, Macao's autonomy was designed to strengthen national unity and the stability of the Chinese State.

Understanding (the organic nature of the State) as an entity with its own will and interests, above particular groups, is also evident in official discourse that justifies reforms or policies by appealing to the global public interest. The 2025 Government Action Lines, for example, mention goals such as "raising governance capacity" and "strengthening awareness of the big picture" among civil servants, which suggests that they are expected to think of the administration as a whole serving the common good, rather than segmented by sectoral interests. This rhetoric echoes the French tradition of service to the *intérêt général* (Chevallier, 1975), with the difference that in Macao such general interest is also aligned with the strategic guidelines defined by Beijing (e.g., economic diversification, social stability, patriotism).

## 5.2 Law vs. Management

Macao's administrative structure preserves a strong legal tradition, inherited from the Napoleonic model (based on its Roman-Germanic roots), where legality is central to administrative action. This legal tradition is evident in the maintenance of the administrative law system, the hierarchical administrative organization and the supremacy of written law (Godinho, 2016; Xinyu, 2016).

Under Portuguese administration, Macao operated under a legal system based on the European continental model – the Administrative Code (Torrão, 2016), the Penal Code, the Civil Code, the Commercial Code, laws and regulations (Mendes, 2013) – and the local bureaucracy was accustomed to formal procedures, paperwork and strict compliance with legal regulations (Bolong, 2011).

With the transition to China approaching, the need to modernize administration by incorporating public management concepts was identified (Lam, 2011). Not coincidentally, this period coincided globally with the spread of New Public Management (NPM) (Bouckaert & Pollitt, 2011). Thus, as early as the 1990s, and intensifying after 1999, the case of Macao revealed a path of balance between the legalistic heritage of the Portuguese system and international pressures to adopt modern management practices after the transition period (Kei, 2005; Lam, 2011).

As described by Yu (2011), Edmund Ho's government (1999-2009) introduced competitive recruitment systems and periodic performance evaluations, in addition to investing in professional training for civil servants, measures characteristic of a managerial approach aimed at improving the quality of public service. These reforms denote the incorporation of NPM principles – meritocracy, performance-based human resource management, management skills development – signaling a shift from purely



legal-bureaucratic administration to one concerned with results and efficiency (Bouckaert & Pollitt, 2011).

Another example is the digitalization and simplification of administrative procedures, which began in the 2000s and sought to reduce excessive red tape and streamline the provision of public services (Choi, 2011). Integrated service centers, e-government platforms and more user-oriented processes (one-stop services) were created, highlighting management's concern with service quality and policy effectiveness (Yu, 2011).

These initiatives are reflected in government discourse: successive Chief Executives have emphasized the importance of modernization and administrative efficiency in their Policy Addresses. For example, during the Chui Sai On administration (2009–2019), “e-governance” and “administrative simplification” programs were launched to improve internal efficiency and convenience for citizens. According to the Government Action Guidelines for the 2020 financial year, both the Public Administration and the legal system of Macao, which have been in operation for more than two decades, show signs of maladjustment in the face of socio-economic changes in the Region – demonstrating limitations in their ability to respond to the new demands of society and, as a result, progressively falling short of the population's expectations in terms of the effectiveness, efficiency, transparency and quality of public services (Mota, 2019).

In conclusion, Macao has transitioned from a predominantly procedural legalistic administration to a legalistic administration with management features. Legal norms and procedures continue to guide state action (and legitimize decisions before the law), but there is greater concern with performance, quality and efficiency, evident in administrative reforms and government discourse. This synthesis highlights the hybrid nature of the system: the Napoleonic tradition provided the legal-bureaucratic backbone, while the contemporary influence of New Public Management and the pragmatism of the Chinese administrative tradition brought in elements of public management. The result was a gradual improvement in efficiency (for example, Macao has high levels of government effectiveness according to the Worldwide Governance Indicators (Government Effectiveness dimension). The score rose from 55.98 (percentile) in 1998 to 72.44 in 2010, reaching 73.04 in 2022, reflecting a continuous improvement in the perception of the quality of public services, policy formulation and implementation, and government credibility).

### **5.3 Administration and Politics**

During the Portuguese colonial period, especially in the final decades (1980–1999), Macao did not have a fully democratic system: The Governor, appointed by the President of the Portuguese Republic, concentrated executive powers and relevant legislative powers, assisted by a only partially elected council and a Legislative Assembly with a mixed composition, resulting from direct and indirect suffrage, with a strong presence of organized interests (Cardinal, 2008; Shiu-Hing, 1989). In this context, management positions in the administration were often filled by political appointment.



Yee (2001) characterizes the Portuguese administration in the final decades as an executive-centered and politicized system: The Governor and under-secretaries were political appointments and, although directors and deputy directors were formally career civil servants, many were recruited from Portugal on a contractual basis and linked by personal relationships to the under-secretaries, tending to leave when their “patrons” were replaced. This pattern reinforced the politicization of top appointments and constrained the progression of local staff. There was thus politicization of appointments at the top, which is consistent with characteristics often associated with the Napoleonic administrative tradition: permeability between political and administrative careers, the presence of a logic of ‘spoils’ and the politicization of senior positions (Ongaro, 2010).

However, after the transition of Macao's administration to China, the top ranks of the administration – secretaries, directors of services and other senior positions – came under the direct control of the new Chief Executive (Basic Law of the Macao SAR, arts. 45, 50 (6)), and indirectly under the influence of Beijing (Chou, 2013).

Political loyalty has thus become an explicit criterion: senior officials in Macao are expected to be politically reliable to the Central Government (Yee, 2014). This suggests the persistence of political interference in the bureaucracy – a feature compatible with the Chinese administrative tradition, insofar as the boundaries between politics and administration tend to be more porous and the bureaucracy remains strongly subordinate to political leadership (party-state) and also observable in the Napoleonic tradition (Cheung, 2010; Christensen & Fan, 2018; Painter & Peters, 2010a).

In recent years, some secretaries have been recruited from civil society figures – businesspeople or professionals with backgrounds outside senior civil service – reflecting the importance of economic and associative elites in the MSAR's ruling coalition (Kwong, 2017). However, their selection does not follow any logic of party distribution, not least because Macao is, as Lou and Tang (2023) note, a society without political parties, but rather the personal and political trust of the Chief Executive and the requirement that the main leaders be “patriots who love the country and Macao”, as emphasized in official statements.

#### **5.4 Administration and Service**

In the context of Macao, the administrative culture inherited from the Portuguese period was close to a hierarchical and unprofessional bureaucratic model, in which the administration saw itself primarily as an instrument of government and political control, rather than as a service to citizens (Bolong, 2011). As Lo (1995) describes, the civil service before the transition was characterized by inefficiency, low levels of education among many employees, endemic corruption, frequent reorganizations, recruitment and promotion based on political patronage, and intense conflict between departments, to the extent that Macao's bureaucracy could be considered ‘from a Weberian perspective, underdeveloped and backward’ (Hing, 1995, p. 116).

After 1999, in the context of the international spread of public administration reforms and drawing explicitly on the experiences of the US, the UK, Hong Kong and Singapore,



the discourse on the need to “serve the people” and cultivate a citizen service mentality began to take hold in Macao (Kei, 2005). During Edmund Ho's first term (2000–2004), despite the difficulties already analyzed, this translated into initiatives to improve public services, such as the simplification of administrative procedures, the creation of integrated one-stop public services, the introduction of Quality Charters and quality management systems, and the strengthening of training for civil servants in customer service and modern management skills (Kei, 2005).

However, there remains a cultural gap between the official discourse of ‘government at the service of the people’ and the routines of many career civil servants, trained in a traditional administrative culture. Ho Iat Seng himself, in his 2020 Policy Address, set as a goal ‘strengthening the service awareness of civil servants’ and ‘correcting the service attitude, avoiding bureaucratic practices,’ which implies recognition that behaviors marked by formalism and a predominant concern with compliance with internal rules continue to exist, rather than proactive resolution of citizens' problems.

However, it should be noted that Macao's economic prosperity – largely supported by the expansion of the gaming sector and the associated increase in public revenues – has enabled the Government to strengthen, in certain areas, the provision of social services and benefits (namely, public/subsidized healthcare provisions and the expansion/planning of public housing), as well as to institute universal cash transfers to residents through the Wealth Partaking Scheme launched in 2008 (Kwong, 2013; Lok, 2011).

Macao continues to adopt a more pronounced public service perspective, without, however, abandoning its inherited formalism. Thus, there is a certain tension between the persistence of complex procedures and documentary requirements (a classic bureaucratic trait) and the growing orientation towards making life easier for citizens/customers. The Chinese administrative tradition, which values harmony and avoids confrontation, also encourages officials to be helpful and solve citizens' problems in order to maintain social order – which, in this respect, converges with the notion of service. In short, administration or service in Macao is becoming increasingly ‘service-oriented’, albeit within the limits of a bureaucracy still regulated by strict legality.

## **5.5 State and Society - II**

Historically, under Portuguese administration, Macao developed limited forms of corporatism: the Portuguese government, especially from the 1980s onwards, institutionalized councils and advisory bodies that included representatives of economic and community interest groups. The Consultative Council itself was composed of members appointed by the Governor, representatives of municipal bodies and representatives of interest groups (Luz, 2000), which reinforced the logic of functional integration of economic and associative elites in the governance of the territory (Chou, 2015; Lou, 2004).

After 1999, Macao maintained – and even expanded – the structure of advisory bodies inherited from the Portuguese period, now having dozens of sectoral advisory councils



(education, health, tourism, administrative reform, among others), created under the Basic Law to consult society on different policies. However, as Wang and Li (2023) show, decision-making remains concentrated in the Executive Council and the councils directly dependent on the Chief Executive, with the Government deciding on the creation of bodies, convening meetings and setting the agenda, while many councils and the general public intervene only passively, which means that consultations run the risk of becoming a mere formality.

Until 2017, Macao had an exceptionally large number of associations - approximately 7,000 - resulting in a remarkably high density of organizations relative to its population (Macao Youth Federation, 2020). However, existing research indicates that this pattern of associativism reflects a specific corporatist model of state-society relations. Historically, participation in associations has served as the primary channel for political engagement in Macao, as individuals seldom act independently in the political sphere (Kai Chun, 2012). The government, both during Portuguese administration and in the Macao SAR, co-opted the leaders of the main associations as representatives of community interests, in an informal corporatist arrangement. As one analyst points out, "relations between associations and the government have characteristics of corporatism: [...] associations have no autonomous will, while influences on civil society are weak" (p. 133). In the most recent period (since 2019), Ho Iat Seng's official rhetoric on administrative reform has emphasized the need to "listen to society" and "enhance transparency", possibly in response to the recommendations of international reports and the context of Hong Kong after the 2019 protests.

Thus, the Region coexists with a semi-state civil society, where the main associations act as conduits for government policies to the population, rather than channeling independent pressure from the people to the Region. The relationship between the State and society - particularly with regard to the participation of interest groups, social organizations and citizens in the public policy process - in Macao has mixed characteristics, but tends more towards the statist and controlled model, close to the traditional Napoleonic model and, in a way, even more restrictive, in line with the Confucian view that autonomous interventions by civil society are illegitimate.

## 5.6 Uniformity

With regard to the uniformity of the administrative apparatus and its degree of decentralization, Macao has a highly uniform and centralized structure, which is consistent with both the Napoleonic tradition (centralized unitary states) (Peters, 2021) and the Chinese model (unitary state with strong central control) (Cheung, 2010).

In fact, Macao, being a region with a small geographical area and population, does not have a local political-administrative level with true autonomy (the former municipalities were abolished and replaced by an advisory body with no political power) (Faria, 2023).

Public services, civil service statutes, administrative procedures and service delivery mechanisms are largely common across the territory, promoting a high degree of formal equality in terms of access and equal treatment of citizens (Bolong, 2011; B. Kwong,



2011; Yu, 2011). This configuration is consistent with the Napoleonic tradition (Ongaro, 2010) inherited from the period of Portuguese administration, in which regulatory and administrative uniformity is anchored in the law, in the administrative career and in the predictability of procedures (for example, the Macao Administrative Procedure Code (essentially derived from the Portuguese code) establishes principles of equality, impartiality and uniformity in the conduct of administrative proceedings) (Torrão, 2016). In the post-1999 period, this situation did not change substantially; in fact, during negotiations on the future of Macao, this option of maintaining and adapting local legislation became known as the “localization of laws”, i.e. their continuity under Chinese administration, but anchored in the MSAR’s own legal system. (Mendes, 2013).

Based on Alsancak et al. (2022), who characterize the People’s Republic of China as a system with a highly centralized bureaucracy and strict control over local governments, the MSAR can be seen (like Hong Kong), from the perspective of the political center in Beijing, as an exceptional institutional arrangement: a Special Administrative Region that has a high degree of autonomy from the Beijing administration. In terms of Peters’ theory (2021), we can argue that Macao therefore combines high intra-regional uniformity, consistent with the Napoleonic tradition (of the Portuguese legacy), with low uniformity at the Chinese state level, since it embodies a solution of internal institutional pluralism. This dual position – uniformity “inside”, diversity “outside” – is central to understanding the hybrid nature of Macao’s governance model and how continental European legacies and the political logic of the PRC are articulated within it.

## 5.7 Accountability

Applying the accountability aspect to Macao, the starting point is to understand that accountability is organized primarily around legal and administrative mechanisms, rather than political-democratic control mechanisms in the classical sense. From a political-institutional point of view, the Basic Law establishes a fairly vertical chain of accountability<sup>4</sup>:

- The Chief Executive is accountable to both the Central People’s Government and the Macao SAR;
- The Government must obey the law and be accountable to the Legislative Assembly, presenting policy reports, implementing the approved budget and responding to questions from Members of Parliament. However, given that the Chief Executive is chosen by a restricted electoral college and only some of the Members of Parliament are elected by direct suffrage, political accountability is based more on a logic of upward accountability (to Beijing and the local political and administrative elite) than on direct accountability to the voters.

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<sup>4</sup> Cf. articles 45.º, 47.º and 65.º of the Basic Law of MASR and respective annexes I and II.



At the legal and administrative level, accountability is strongly law-based and ex post. Macao's courts, including the Administrative Court, exercise control over the legality of administrative acts and sub-legal regulations, ensuring that the Administration acts in accordance with the law and offering citizens means of appeal against illegal or unfair decisions.

The Macao SAR also has two central pillars of specialized accountability, as provided for in the Basic Law itself:

- the Commission Against Corruption (CACC), which operates independently and whose Commissioner reports to the Chief Executive, with the dual mission of fighting corruption and acting as an ombudsman, investigating complaints of illegality or maladministration and recommending changes to procedures and systems (Chang, 2011);
- the Audit Commission (AC), which is also independent, conducts financial and value-for-money audits of the Administration, contributing to accountability for the use of public funds, although its Director is politically accountable to the Chief Executive and not directly to the Legislative Assembly (Tan, 2011).

Both combine classic ex post control functions with a growing role in prevention and advice, close to what Peters (2021) describes as recent attempts to strengthen accountability through NPM-inspired reforms (performance audits, system improvement, promotion of integrity).

We can therefore say that in Macao, accountability is based primarily on internal, legalistic, judicial and administrative accountability, typical of the Napoleonic tradition, reinforced by specialized control bodies (CACC, AC, courts), and only partially on a logic of pluralistic and societal political accountability. By way of illustration, according to the Worldwide Governance Indicators (Voice and Accountability dimension), Macao's percentile score was 59.17 in 1998, rising to 69.26 in 2019, but fell again to 57.96 in 2024, suggesting a deepening of the limitations on political participation and democratic accountability over the last decade.

This configuration contributes to a hybrid model: a strong emphasis on legality and administrative integrity, combined with a political structure in which accountability is exercised mainly “upwards” (Beijing and the Chief Executive) and less “outwards” (citizens and public opinion).

## 6. Conclusion

At this point, we believe that our analysis supports the view that Macao is a hybrid model in which two administrative traditions coexist and influence each other. On the one hand, there is a Napoleonic framework, with elements such as the primacy of Portuguese law and legal-administrative formalism, a high degree of administrative uniformity, and the prevalence of legal control and review mechanisms. On the other hand, there is a political



logic compatible with the Chinese administrative tradition, marked by the centrality of the executive, the fusion of administration and politics, and accountability patterns that are more vertical ('upwards') than pluralistic ('outwards'). We also note that there are several arrangements that belong to both administrative traditions, resulting in arrangements that interact.

In terms of the aspects outlined by Painter and Peters (2010) and Peters (2021), the study highlights: (i) an organic and Region-centric government; (ii) a "law vs. management" axis that tends to be legalistic, but with the incremental incorporation of administrative modernization practices and a focus on results; (iii) permeable boundaries between politics and administration; (iv) an incomplete transition from "administration" to "service", with efforts to improve service and simplification, but persistence of formalistic routines; (v) consultative and relatively limited civic participation; (vi) strong centralization and administrative uniformity; and (vii) mainly legal-administrative accountability, reinforced by specialized bodies, with limitations on political-democratic scrutiny.

In terms of its contribution, we consider that the study shows that the MSAR should not be seen as a simple continuation of the period of Portuguese administration or as a mere importation of the PRC's administrative model: it is a hybrid configuration, in which the maintenance of the legal and administrative framework coexists with a political and symbolic reconfiguration aligned with priorities of stability and central governance.

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## **IDEOLOGY AND EDUCATION IN CHINA: PORTUGUESE LANGUAGE POLICY AT THE INTERSECTION OF STATECRAFT AND STRATEGY**

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### **Abstract**

This study examines the ideological foundations of foreign language education in the People's Republic of China, arguing that language planning is inseparable from the state's ideological strategies and international engagement. Drawing from a historical perspective that traces the evolution of Chinese education from the late imperial period to the present, it demonstrates how educational policy has consistently subordinated intercultural exchange to national interests. Foreign language instruction, rather than reflecting openness or pluralism, is deployed as a strategic instrument, valued for its developmental utility while subject to strict ideological boundaries. The analysis focuses on the political role of education as a means of regulating access to foreign knowledge and maintaining internal cohesion. In this context, foreign languages are approached not as cultural bridges, but as managed resources: imported for diplomatic and economic advantage yet carefully contained to avoid ideological disruption. This dynamic is exemplified by the case of Portuguese, whose rise in China's academic landscape reflects wider geopolitical and economic shifts rather than cultural demand or educational reform. Its institutional expansion aligns closely with China's foreign policy interests, especially in relation to Lusophone countries and the symbolic role of Macau.



By situating language policy within the ideological architecture of the Chinese state, the article contributes to the study of international education as a form of statecraft. It also underscores the importance of aligning language promotion strategies - such as those pursued by Portugal - with the internal logics and constraints of partner countries. In doing so, it responds to the goals of this special issue by offering a critical, historically grounded account of Sino-Portuguese engagement through the lens of ideology, education, and global positioning.

### Keywords

Ideology and Education, Language Policy, Portuguese as a Foreign Language, China.

### Resumo

Este estudo examina os fundamentos ideológicos do ensino de línguas estrangeiras na República Popular da China, argumentando que o planeamento linguístico é inseparável das estratégias ideológicas do Estado e do seu posicionamento internacional. A partir de uma perspetiva histórica que acompanha a evolução da educação chinesa desde o final do período imperial até à atualidade, demonstra-se que a política educativa tem, de forma consistente, subordinado o intercâmbio intercultural aos interesses nacionais. O ensino de línguas estrangeiras, longe de refletir abertura ou pluralismo, é mobilizado como instrumento estratégico, valorizado pela sua utilidade para o desenvolvimento, mas confinado a limites ideológicos estritos. A análise centra-se no papel político da educação enquanto mecanismo de regulação do acesso ao conhecimento estrangeiro e de preservação da coesão interna. Neste enquadramento, as línguas estrangeiras não são concebidas como pontes culturais, mas como recursos geridos: importados por razões diplomáticas e económicas, porém cuidadosamente controlados para evitar potenciais perturbações ideológicas. Esta dinâmica é exemplificada pelo caso da língua portuguesa, cujo crescimento no panorama académico chinês reflete transformações geopolíticas e económicas mais amplas, e não uma procura cultural intrínseca ou uma reforma educativa. A sua expansão institucional alinha-se fortemente com os interesses da política externa chinesa, particularmente nas relações com os países lusófonos e no papel simbólico de Macau. Ao situar a política linguística na arquitetura ideológica do Estado chinês, esta investigação contribui para o estudo da educação internacional como forma de "construção do estado". Sublinha, igualmente, a importância de alinhar estratégias de promoção linguística - como as desenvolvidas por Portugal - com as lógicas internas e as restrições dos países parceiros. Deste modo, responde aos objetivos deste número temático ao oferecer uma leitura crítica e historicamente fundamentada do envolvimento sino-português através das lentes da ideologia, da educação e do posicionamento global.

### Palavras-chave

Ideologia e Educação, Política Linguística, Português Língua Estrangeira, China.

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## **IDEOLOGY AND EDUCATION IN CHINA: PORTUGUESE LANGUAGE POLICY AT THE INTERSECTION OF STATECRAFT AND STRATEGY<sup>1</sup>**

**LUÍS FILIPE PESTANA**

**LUÍS PIRES**

### **Introduction**

Foreign language education in China has long mirrored the state's evolving engagement with the outside world. While English has remained dominant, other languages have gained traction according to shifting political and economic interests. Among these, Portuguese presents a compelling case, due not only to its unique historical entry into China's linguistic landscape but also because of its association with strategic partnerships across the Lusophone world.

This comes at a time when the Chinese leadership has embarked on a decidedly more ideological approach to education. Drawing lessons from classical Chinese philosophy and incorporating elements of Marxism-Leninism, Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era attempts to produce a form of harmonious society, by which the Chinese Communist Party (CCP) is the sole unifier of the Chinese people.

Portuguese as a foreign language, which is directed at foreign nationals who are not from the Community of Portuguese Language Countries (CPLP), thus faces new challenges. The present paper offers a broad evolution of the concept of harmony and how it has been used during different stages of Chinese history. Furthermore, the CCP's ideology has been increasingly pushed into the education system since 2012, as a way of creating a harmonious society Under-Heaven, starting with the Chinese youths. This, conversely, leads to a new evaluation of different possibilities for PLE to adapt to the current ideological education environment in a time of great uncertainty.

### **Building Social Harmony in the Era of Xi Jinping: The Role of Education Philosophical Origins of Harmony**

The concept of harmony (*he* 和) is ever-present in Chinese history. During the pre-Qin dynasty period, Chen (2018, p. 43) states that social and political upheaval was the norm.

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<sup>1</sup> Conflict of Interests: The authors declare that there are no conflicts of interest associated with this study..



Pines (2023) describes how the decline of the Zhou dynasty (1046 to 256 BC) resulted in a power struggle to achieve unity under a new leadership. The 4<sup>th</sup> century BCE furthered this status quo during the Warring States period (*Zhanguo* 战国, 453–221 BC). Pines (2023) indicates that:

*"As wars became bloodier and more devastating, and with no adequate diplomatic means to settle the conflicts in sight, most thinkers and statesmen came to an understanding that unity of "All-Under-Heaven" (tianxia 天下) was the only means to attain peace and stability" (Pines, 2000).*

This greatly influenced philosophers of the time who searched for the ideal form of harmony. Li (2008, pp. 423 & 424) further confirms this statement, elaborating that harmony pre-dates Confucius. Citing Shi Bo, a scholar-minister of the Western Zhou (1046–771 BCE), harmony is achieved by means of the five flavours and six measures of sound. Yan, Li & Fu (2021, p. 57) further illustrate how Shi Bo viewed this concept as a way of congregating different perspectives to formulate new ones. This "harmony without uniformity", which focuses on achieving an equilibrium between different perspectives, is also promoted by the Chinese government (China Keywords, 2024), as this article will later illustrate.

The Warring States period thus produced a series of schools of thought, each with their epistemology and solutions to create greater harmony. Of the One Hundred Schools, four are of particular interest to this study and are considered among the most influential of Chinese philosophies: Confucianism, Daoism, Legalism and Mohism. The first of these, Confucianism, has generally garnered more attention as still contributing to the guiding principles the CCP follows to this day. In the Confucian Classic *Shi Jing* (诗经), harmony is an ideal that encapsulates a balanced relationship with other people and nature. In the *Yue Ji* (乐记), following up on Shi Bo's statements, music plays an integral role in promoting morals. Li (2008, p. 425) further states:

*"Confucius considered harmony fundamentally necessary. In the Confucian view, music more than anything else captures the essence of harmony. Music is the process of bringing a plurality of sounds into concord. (...) In the Confucian view, music has this powerful positive effect on people because it is intrinsically harmonizing".*

Harmony is not exclusive to Confucian thought, on the contrary. In Daoism it plays a central role, as Chen (2018, p. 42) clarifies. For Daoists, there are three main forms of harmony: natural harmony (*tian he* 天和), human harmony (*ren he* 人和), and the harmony of the heart-mind (*xin he* 心和). They are all integrated to form their own philosophy, one that is centred on humans' relation to the spirit and not merely attached to societal and political affairs (Chen, 2018, p. 43).

Legalism, another philosophy of the "Hundred Schools", also concerns itself with this concept. In the *Book of Lord Shang*, Shang Yang reminds the reader that change is part



of society and that coercion is the only force capable of leading a knowledgeable people (Pines, 2023). To construct harmony, therefore, morals are not enough, as Confucianists would believe. Han Fei who, alongside Shang Yang, is one of the main Legalists, claimed that morality guided human interaction in the past because it was an era of abundance. As resources became more limited due to population growth, Han contended, just like Shang, that coercion was necessary to create harmony Under Heaven. The essence of this thought led Qin Shihuang's<sup>2</sup> approach to governance: a highly centralized government which resulted in brutal takedown of those that deviated from the laws of the land (Pines, 2000; Pines, 2023)<sup>3</sup>. The argument can also be made that the PRC has used legalism as a means to achieve harmony. Mao Zedong and his followers believed that legalists could contribute to the construction of a new nation. The Great Leap Forward, as Tanrikut (2024) explains, was characterized by a combination of Marxism-Leninism and legalism.

Finally, Mohism promotes harmony through a combination of impartial concern for those All Under Heaven and the existence of an authoritarian centralized government backed up by a bureaucratic system. The leader, as Fraser (2024) indicates, should be enlightened and guided by virtue. In the eyes of Mohists, education promotes a social conformity based on ethical principles that everyone will follow. Furthermore, political issues can be resolved through debate, as dialogue leads to objective solutions (Fraser, 2024).

### **The Fall of the Qing and the Republican Era (1911-1949)**

Different solutions to establish some sort of socio-political order were tried and tested throughout Chinese history and well into the last years of the Qing dynasty and the Republican era. Liang Qichao, one of the key modernizers of Chinese sociology, sought out to prepare the nation for a new era. As such, Liang envisioned a social harmony that incorporated elements of Western and Chinese thought. As Liu (2020, pp. 65-66) states, Liang was profoundly influenced by Kang Youwei, his mentor and a great critic of classic Chinese philosophy, studied Western thinkers including during his academic years in Japan and followed his mentor in attempting to reform Confucianism. As Jin (2023) points out, the defeat in the Sino-Japanese War (1895) propelled a young Liang to a path of modernizing China. Crucially, in 1898, Liang and Kang launched the Hundred Day's Reform period, an attempt to save the imperial rule, that ended being suppressed by conservative forces (Jin, 2023). Nonetheless, this did not mean rejecting the past, on the contrary. Kang Youwei's New Text Confucianism proposed to preserve the essence of Confucius and Mencius while adapting it to a new political environment. Fairbank (2006, p. 229) further indicates that Kang wished for Confucianism to become the national religion of China, a firm commitment to the "new nation's" connection to its past.

Liang, however, would stray away from his mentor, thanks to his interaction with Yan Fu, abandoning the idea that Confucianism should be protected at all costs (Liu, 2020: 81-

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<sup>2</sup> First emperor of the Qin dynasty, Qin Shihuang ruled from 259 to 210 BC.

<sup>3</sup> Legalism fell out of favor from the Han dynasty onward



83). For Liang, in the end, Chinese philosophy, and Western thought should give way to a new form of balance and harmony. The end of the imperial era, however, brought significant changes to the Chinese political sphere.

The fall of the Qing, a dynasty long in decline as evident from the Opium Wars and the Taiping rebellion (Fairbank & Goldman, 2006, pp. 201-206) gave way to the rise of republicanism. For Sun Yat-sen it was an opportunity to

*"(...) dismantle the Manchu rule that had governed China for more than two and a half centuries and had become, particularly in the nineteenth century, an object of scorn and frustration to much of the Chinese citizenry"* (Chang & Gordon, 1991, pp. 21-22).

This was a particularly novel concept in China at the time, considering how industrial development was at the center of republican policies. As Barrington Moore (1966, pp. 177-178) explains, the urbanization efforts of the early 20<sup>th</sup> century resulted from the disintegration of the social order of the countryside and the emergence of commerce in the coastal areas<sup>4</sup>. For Sun Yat-sen, this served as a basis to create a new form of nationalism, one that repudiated cosmopolitanism or universalism (Sun, 1924, pp. 26-28) while drawing inspiration from a distant past. Sun Yat-sen famously repurposed *Tianxia* 天下 or All Under Heaven, the Zhou dynasty's sinocentric cosmos (Zhao, 2019), calling it *Tianxia weigong* 天下为公. For Sun, the concept of Great Harmony was relevant, as Chen (2011) illustrates. A key part of the *Book of Rites* (*Liji* 礼记), the *Datong* 大同 was essential to the socio-political harmony of the past. The *Tianxia weigong*, as Sun proposed, was a rebranded version intended to make All Under Heaven serve the people (Chang & Gordon, 1991, p. 129; Chen, 2011)

The following decades were marked by constant inner turmoil. Yuan Shikai's rule during the Beiyang government period was characterized by ever-lasting disputes among different cliques and warlords (Fairbank & Goldman, 2006, pp. 249-251). By the time China had finally established itself as a somewhat unified country, the initial pressure and later invasion by the Japanese Empire meant that the Kuomintang (KMT) leaders would be incapable of asserting their form of harmony. The situation became even more dire with the ascension of the CCP as the main rival to the KMT. Once the former defeated the nationalists, Mao Zedong set his sights to guide the nation to socialism. While the first few years were distinctively not socialist (Blecher, 2019, p. 155)<sup>5</sup>, similarly to the New Economy of the Soviet Union, the Great Leap Forward and the Cultural Revolution repudiated China's philosophical heritage, Confucianism being particularly targeted as an enemy of progress. However, a strong argument can be made that legalism did exert some influence on Mao's policies, for two main reasons. Firstly, both legalism and Maoism required strong, centralized and authoritarian leadership. Secondly, the law was

<sup>4</sup> Yet, the country was clearly lacking in machinery: of around 20 000 factories, China only possessed 363 with machines.

<sup>5</sup> Up until the Great Leap Forward the Chinese economy retained some elements of capitalism as it was still not ready to embrace socialism, given its lack of development.



supposed to be the main guiding principle, even if it drove to major injustices committed against the people (Tanrikut, 2025).

### **The CCP and the Birth of a New State Ideology**

Mao Zedong had, thus, formulated his own version of Marxism while retaining a connection to China's philosophical past. According to Paul (2021, p. 265), the CCP's ideology combines elements of the Communist Manifesto, Leninism, Stalinism, Maoism and traditional Chinese philosophy. From Leninism, the paramount leader extracted the party vanguard and violent revolution concepts. However, the lack of an industrial base, led Mao in search of supporters among peasants. At the time, 89.36% of the Chinese population lived in the countryside, and only recently this trend has flipped in the opposite direction (Xinhua, 2019<sup>6</sup>). With the peasantry behind him, Mao embarked on his fight against oppressive foreign forces. Ideologically, in conclusion, the CCP formed its own basis fully adapted to the country's context. Lenin asserted that the Marxist class struggle was key to achieving a communist society (Touchard, 1961, p. 476 & 495-501), believing that the proletariat's power would lead to the fall of the bourgeoisie and, eventually, to a classless society (Lenin, 1977, pp. 8-9).

For Mao Zedong, it was this combination that allowed to create a sense of unity, both against the Japanese and the KMT. As such, ideology may have a congregating effect, and it evolves through time. Arendt (1953, p. 316) defines ideology as the logic of an idea in constant motion and transformation. This is precisely how it is possible to define China's state ideology, that is, a process that has developed through decades with every leader adding new elements to it, as a response to the specific circumstances of their time.

Crucially, Mao understood the importance of education as a means of imposing the will of the CCP. As such, ideological and political education has, since Maoist times, become a mainstay of the PRC's education system. Post-1949, the state narrative centered on the Century of Humiliation (百年国耻 *bǎinián guóchǐ*), not only as way of reminding the Chinese people of the oppression at the hands of foreign powers, but also of how classical thought and old ideas were culprits of the country's downfall (Wang, 2008, p. 789). Afterwards, the discourse shifted towards the class struggle. According to Wang (2008, p.789), the Communist leadership wished to direct the youth's rage towards the bourgeoisie and landlords that still dominated and held part of the country's wealth. And yet there were concerns that thought would become overly stifled by the CCP's ideological guidance. Nikita Krushchev's attack on Josef Stalin let the Soviet Union to loosen its grip on the population. Taking note on these developments Mao and Premier Zhou Enlai launched the Hundred Flowers Movement (1956-1957) intending to encourage intellectuals to criticize the government and help implement reformed policies. However, the Campaign ended as soon as criticism became perilous to the Party and its legitimacy as leading force of the nation. King (2012) accurately states that the subsequent Anti-

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<sup>6</sup> The rural population in 2018 was 40,42% of the total.



Rightist Campaign of 1957 resulted in the re-education or execution of thousands of critics.

The CCP in this context portrayed itself as the vanguard of the people against the perceived oppressive forces. The triumph of the Chinese people was tied to the success of the Party, even when Mao was publicly criticized after his death in 1976. The victorious CCP was continuously supported by state-led media. The People's Daily, for instance, remarked it was crucial to firmly embrace ideological education (抓紧思想教育). Chen (2021) also explains that this was understood as a necessary effort to find scapegoats for the country's backwardness. The traditional targets were, as the author exemplifies, violent attacks perpetrated by the enemy, Chiang Kai-shek or to stimulate the unity of the peasantry, the core of the CCP's class struggle and united front.

The Cultural Revolution further exemplifies how the Mao period pushed for greater ideological strength in the education system. According to Wang (1975, p. 760), the education reforms of the time sought to ensure greater "political conscious" of students, as well as provide training that could be useful to China's industrial and agricultural output. For this to be achieved, decision-makers understood that education had to spread nationwide. However, the re-education of intellectuals placed a massive strain on college education, as its greatest thinkers were under constant threat of public criticism or of being sent to villages and factories to work (Chandra, 1987, p. 130). Ideologically, the regime intended to create a uniform critical mass supported by the lowest strata of society. When the new enrolment policy was rolled out in 1972, as Leff singles out (2019, p.12), access to higher education depended on ideological knowledge and not academic achievements, thus making education subservient to politics. Other reforms were introduced to enhance the ideological presence in education:

*"Along with appointing Communist Party cadres to high ranking administrative positions in the universities, political ideology dominated the higher education curriculum. Textbooks used during the Cultural Revolution were entirely rewritten in accordance to the new political doctrine in place. The students and faculty members were required to visit the factories and communes to learn from the laboring class and peasants" (Leff, 2019, p.13).*

As mentioned before, ideological education is not a novelty in present-day China. The Republican authorities, after the fall of the Qing, focused their attention on the Century of Humiliation. Starting with the first Opium War, this period was marked by the steep decline of the last imperial dynasty. For about 100 years, foreign powers were responsible for carving up the Chinese territory under the threat of warfare or imposed via unequal treaties, the first of which being the treaty of Nanjing (1842) (Lesaffer, 2025). This discourse continued in Taiwan after the expulsion of the KMT from the mainland (Wang, 2008, p. 789). In search of new targets, the CCP identified the class struggle against oppressive forces as key to settling the Party as the vanguard. (Wang, 2008, p. 789). In Beijing, as Peng (2023, pp. 1033-1035) clarifies, there was the perception that there were certain segments of society still "contaminated" by bourgeois education. The



resulting policies that the Cultural Revolution heightened the desire to rid the country of such interference, particularly in urban areas.

### **Post-1989: Reforming Ideological and Political Education**

The year 1989 was a turning point. Deng Xiaoping acknowledged the investment in ideological education had not sufficed (Zeng, 2016, p. 115). Furthermore, the leading class of the Party were also fearful of losing legitimacy. After decades of building a unifying image of themselves, Zhang (2008, p. 788) alludes, the Mandate of Heaven was on the verge of being led astray.

Chen (2021) broadens this analysis, as the PRC prioritized the implementation of ideological and political education in the entire teaching process (把思想政治教育贯彻在全部教育过程中). Deng Xiaoping and the proponents of the Reform and Opening policies paid little attention to political and ideological education. From the beginning this was understood as a way of distancing the CCP from the excesses of the past. Now that the nation was surging because of economic prosperity and non-isolationism, ideology took the backseat. Callahan (2006, p. 85) determined that between 1947 and 1990 national humiliation related books were not published. However, the opening of the PRC brought along a few unintended consequences. Prior to 1989, the lack of focus on the ideological education was conducive to potential internal instability. This compounded in 1989 with the events at Tiananmen Square, leaving Deng Xiaoping to conclude that

*"one of the greatest failures of the CCP leadership during the Reform and Opening up period was not considering political-ideological education as a priority".*

As such, the crackdown on the pro-democracy demonstrations in 1989 resulted in a renewed ideological fervour with particular focus on the education system. In 1992, Deng's Southern Tour was not only devised to relaunch the country's economy, but also to assert the CCP's position as sole representative of the Chinese people. The State Education Commission published the "Reform and Development of Education in China Program". At its core, it highlighted that patriotism should be the most important value for the PRC. In 1994, 95% of Beijing's primary and high school students had already watched patriotic movies recommended by the State Education Commission, as part of the "Circular on Carrying Out Education of Patriotism for Primary and Secondary Schools Through Out the Country via Good Films and TV Series" (Zhao, 1998).

Ideological work was, as such, well underway with further contributions from the Ministry of Education and the Communist Youth League's Central Committee. New courses were created, for example, "Marxism Basic Principles" or "Introduction to Maoism and Theoretical System of Socialism with Chinese Characteristics" (Chen, 2021). Books and teaching materials were also targeted. Published in April 1990, *The Indignation of National Humiliation* served as a remembrance of the events of the First Opium War,



reinstating the Century of Humiliation as central to the CCP's ideological discourse against domestic and foreign threats (Callahan, 2006, pp. 186-187).

During Hu Jintao's time as the Secretary General of the CCP, in October 2004 the CCP Central Committee and the State Council published *Opinion on Further Strengthening and Improvement of Ideological and Political Education for College Students* (关于加强和改进大学生思想政治教育的意见). As Chen (2021) elaborates

*"That document stated that "strengthening and improving the ideological and political education of college students is an extremely urgent and important task," and that "raising their ideological and political character" was necessary in order to "cultivate them into the builders and successors of the socialist cause with Chinese characteristics".*

Nonetheless, ideological education was perceived to have become stagnant. Chen (2021) confirms this hypothesis by analysing the number of occurrences of the term *sizheng* 思政<sup>7</sup>, from 1994 to 2021, in the People's Daily, the CCP's main media mouthpiece. Of the 766 occurrences, 700 correspond to the time since Xi's takeover in 2012. Obedience to the Party, while crucial, was no longer enough to form harmony and ensure a cohesive, unified popular front. During Xi Jinping's stewardship, though, circumstances have shifted.

### Current Ideological Trend Under Xi Jinping

Presently, Xi's Thought is the last iteration of the PRC's ideology. Introduced in the CCP Constitution in 2017, it highlights the historical role of the Party in unifying the people. As an extension of the path created by Mao Zedong, it encompasses the armed forces, technological innovation, ecology or the improvement of Chinese people's livelihood. Its presence is crucial for Xi and the country's leadership which, in turn, makes it fundamentally necessary to be taught at every level of the education system (Xinhua, 2024). In other words, Xi's thought must be studied and interiorized from an early age as to ensure that harmony is produced with the Party at the center of the *Tianxia*.

The CCP, therefore, acted when the new government took power in 2012. One of Xi Jinping's main objectives as the Paramount Leader of the People's Republic of China is to further the efforts of establishing a form of social harmony under the helm of the CCP. As discussed, the concept of harmony is not foreign or a novelty in the realm of political-philosophical Chinese thought. However, the Communist rule has presently a clear view on what that harmony should look like, and it should be at the centre of the order Under Heaven. As Tatlow suggests (2018), the CCP views itself as the inheritor of the *tianchao* 天朝, "heavenly empire," the actual ruling force that governed all matters *Tianxia*. President Xi Jinping has embraced his role as the "emperor". During the celebration of Confucius' 2565<sup>th</sup> anniversary, Xi highlighted that the current ruling class

<sup>7</sup> Shortened version of *sixiang zhengzhi jiaoyu* (思想政治教育) or ideological and political education.



is a successor to those responsible for actively promoting Chinese tradition (Tatlow, 2018: p.6). However, this does not simply mean that China is attempting to replicate the harmonious society of imperial times. As aforementioned, the ideological fingerprint of the CCP is ever-present as it promotes a kind of social order with little to no trace of foreign influence. The Document 9, a communiqué that spread among Party members in April 2013, offers a deeper glance into the perceived perils exposure to Western ideals. Broadly speaking, Document 9 outlines seven political threats to the CCP-led harmony, namely, promoting Western-style constitutional democracy, universal values that weaken the Party, civil society unrest, neoliberalism, Western-style media, historical nihilism and negative views on the CCP and New China and putting into question the Reform and Opening process (ChinaFile, 2013). As such, it called for Party leaders all over the country to pay close attention to these perceived threats and enhance ideological work through education. These set of guidelines have, therefore, garnered attention by the Chinese leadership. Education, as Xi (2014, p. 93) himself declares is an important means to ensure a harmonious society (Stanzel *et al.*, 2017, pp. 4-7). Teaching materials play a key role. In August 2021, Han Zhen, head of the Textbook National Committee, concluded that Xi Jinping's Thought about Socialism with Chinese Characteristics for the New Era would become part of basic, vocational and higher education. This statement came after new guidelines from the Ministry of Education that expected Marxist beliefs to become stronger among Chinese youth, as well as strengthening the path, theory, system and culture of socialism with Chinese characteristics (Global Times, 2024). National unity is crucial for the CCP's national interests and education is at its core, as the Patriotic Education Law determines (CLT, 2023b).

From a discourse perspective, the ruling party has pushed this concrete narrative as a means of ensuring not only that the Communist leadership is necessary, but also that there should be no foreign interference when it comes to domestic issues. Back in 2014, the General Office of the Party Central Committee and the State Council advocated for stronger control over the education system (Fu, 2024). Xi clarified, in 2019, during a speech to professors and educators of political ideology and theory, that political-ideological education is irreplaceable and bestowed responsibility on educators to enlighten students in the relevance of socialism with Chinese Characteristics, party theories, institutions and culture. Fu (2024) clarifies that higher education particularly targeted

*"Specific measures included strengthening political training sessions for faculty and standardizing textbooks across disciplines, particularly in the social sciences".*

In 2021, a nationwide inspection was conducted at 31 universities to assess the effectiveness of ideological teaching. Two top-tier institutions, Tsinghua University and Peking University, were criticized for their inefficiencies in promoting the CCP's thought (Liu, 2021).

Language teaching has also been repeatedly targeted, particularly relating to the English's weight in the *gaokao*, the annual university entry exam. Since 2012 the National



People's Congress (NPC) and the China People's Political Consultative Conference (CPPCC) have received proposals to reduce the importance of English when it comes to evaluating the *gaokao* (Leung, 2023). While these proposals and opinions have not, for the most part, translated into actual changes in the college admissions process (Fu, 2024; Leung, 2023<sup>8</sup>), it signals a growing desire from policymakers to diminish the status of a foreign subject, while highlighting greater ideological work.

From a legal standpoint, the Chinese government has also set forth a series of laws that aim to promote national unity. The Patriotic Education Law (CLT, 2023b), approved in October 2023 and rolled out on January 1<sup>st</sup>, 2024, is part of broader legislation that includes the Counter-espionage Law (CLT, 2023a), the revised National Security Law (CLT 2015) and the Hong Kong National Security Law (Lam, 2020). To the Chinese authorities, these documents intend to create a CCP-led social harmony that isolates society from external influence.

Of particular relevance to this study, the 2024 Patriotic Education Law (CLT, 2023b) represents a renewed effort to recentre the role of political and ideological instruction. Through this legislation, the Chinese Communist Party seeks to cultivate an educational environment in which students—from kindergarten through university—are systematically exposed to, and expected to develop proficiency in, Xi Jinping Thought. As mentioned before, Xi's presidency has been marked by a thought isolationism as it pushes away Western liberal democracy values and norms. The rejection of these elements also extends to democracy in its liberal form. The whole-process people's democracy, as showcased in its eponymous white paper (SCIO, 2021), is, from the Chinese perspective, a more inclusive and direct form of democracy. In short, the election process in China starts at the local level. From there, elected officials are able to select members of parliament at municipal level and so forth, up the National People's Congress, China's top legislative body (SCIO, 2021). Candidates are not exclusively members of the CCP and there have been elected officials from the other nine political parties that form the United Front.

The Patriotic Education Law derives from government documents, such as the 2016 Ministry of Education directive or the CCP Central Committee and State Council's 2019 patriotic education directive (Department of Education, 2024), instructing all education departments of every teaching level at the Provincial tier to implement the patriotic education. Article 6 of the law explains what patriotic education is:

- CCP's, New China's, Reform and Opening, socialism development and Chinese people's history;
- socialism with Chinese characteristics system, CCP's accomplishments and the lived experience of the people's unity;
- the Chinese people's culture, as well as the revolutionary and advanced socialist cultures;

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<sup>8</sup> The Beijing government has downgraded English in the *gaokao*.



- basic knowledge of the constitution, national and ethnic unit, national security and defence;
- martyrs, heroes and model citizen as symbols of the spirit of the people and the spirit of the times;
- other content rich in patriotic sentiment (CLT, 2023b).

Ideologically, the PRC is invested in ensuring a certain level of uniformity of thought. Yet the expectations of the Chinese population may be distinctive to what the government desires, in part, because there is difficulty to change deeply engrained beliefs. Focusing on access to higher education, Chinese parents greatly invest in guaranteeing that their children have a better chance of reaching of the top universities of the country. Besides extra classes, even during weekends, guardians enroll students in extra-curricular activities from music to sports, in an attempt to give an edge to these students. Conversely, some policies go against the parents' interests. The *double reduction* (双减政策 *shuāng jiǎn zhèng cè*) which sought to alleviate the number of extracurricular classes and the amount of homework given to school students, ended up with several private tutoring institutions ceasing operations (Zhao, Shi & Wang, 2024). This, in turn, led parents to seek alternatives in the black market.

Furthermore, the State Council has tried to condition what career path the Chinese youth may choose which, in turn, only leads to more panic among parents. The high school entry exams, *zhongkao* (中考), have become increasingly subject of attention. In July 2023, 15,4 million students took part in this examination and only 50% of the examinees were allowed to move on to "regular" high schools that lead to university. The bottom half either entered the job market or chose vocational training (Li, 2023). However, fear of failure is a systemic issue in Chinese society, as Liu (2020) explains, given that there is a focus on the "science of success" (*chenggong xue* 成功学) as a counterpoint to the "science of failure" (*shibai xue* 失败学).

For the CCP, adapting to the market conditions does not seem to eliminate the necessity of promoting stronger unity through ideology. Major developments in AI, digital literacy and STEM (Global Times, 2024) are examples of such a statement. The STEM Education Action Plan 2029, launched in 2018, promotes better training of educators to use STEM tools in their teaching and train future teachers (Hu, 2024: 77 e 78), while integrating moral values in their practice (Global Times, 2024).

Yet this does not eliminate a series of challenges that any society is facing with the advent of Artificial Intelligence. According to Yang (2021), 70% of what is taught in college can be learned more efficiently by AI. The author considers that this technology has forced Chinese leaders and society, described as a stable and static *status quo*, to revolutionize its education system. In essence, social harmony is now facing new trials.

As a response, the CCO Central Committee and the State Council have already begun to act. In January 2025, the new 2035 education action plan was presented and includes strong political and ideological leadership, talent competitiveness, scientific and technological basis, welfare assurances, social synergy and international influence. Education Vice-minister Wu Yuan stated that in September 2024 that 1673 new



bachelor's degrees were established, while 1670 were suppressed for not being in tune with the PRC's strategic goals and the country's social and economic development. Since 2012, 21000 bachelor's degrees have been created, as opposed to 12000 that were suspended or cancelled in the same period (Xinhua, 2025). In this year's Two Sessions, the discourse focused on innovation and talent attraction capable of producing native technology, while reducing foreign dependency and incorporating Xi's Thought in the education system.

The generation that reached adulthood during XI's time in power (post-1990) has experienced the brunt of China's social issues that are now widespread. The CCP, in its effort to create a social harmony firmly distinct from the West, has used ideology to fuel the fight against child obesity, effeminate masculinity, LGBT movements and feminism. However, the real-world problems that young college graduates tackle daily, from dwindling wages to high unemployment rates, has at times driven the citizens meant to be the future of the country to certain behaviours contrary to what the CCP expects. Cultural and social phenomena, such as "lay flat" or "let it rot" (Lu, 2024), encapsulate the youth's state of desperation and willingness to embrace indifference regarding their future.

## **Language Policy and Foreign Language Education in China**

### **Language, Ideology, and the Chinese State**

Within the ideological apparatus that has long underpinned Chinese education, foreign language instruction occupies a highly strategic position. Rather than representing intercultural openness, it has been governed by the political logics of state-building and ideological regulation, the evolving and shifting priorities of the state, that consistently subordinate linguistic and cultural exchange to national interest, that is, as a means of acquiring useful knowledge to support developmental objectives. (Mao & Min, 2004; Gil, 2016) Ultimately, foreign language education in China is functionally open but ideologically bounded. As Ricento (2006) argues, language policy always reflects underlying power structures.

This relationship is articulated through the concept of 'language import and export' (Pires, 2024), which situates language education within the broader framework of the political economy of language (Grin, 2006) and foreign language planning (Payne, 2007). In this view, foreign languages are imported as strategic resources (Ruíz, 1984) that serve national goals in diplomacy, trade, and technological advancement, yet are carefully managed to prevent ideological disruption. Conversely, exporting national languages functions as a means of projecting soft power and enhancing international status. Through such linguistic exchanges, states seek to accumulate both material and symbolic capital, positioning language not merely as a medium of communication but as an instrument of political influence and global prestige.

As we will see in more detail below, the case of Portuguese language education (PLE) in China exemplifies this dynamic. Introduced in the early 1960s, its institutionalization was driven not by organic academic interest or cultural proximity, but by geopolitical needs



and ideological alignment. Its expansion has tracked closely with China's global positioning and state priorities, from its engagement with Lusophone liberation movements in the Cold War era to its pursuit of new strategic partnerships in the 21st century.

### **Historical Trajectories: From the 19th Century to 1949**

The emergence of foreign language education in China was not the result of voluntary openness but of external pressure (Feng & Adamson, 2019). It began in the 19th century, following a series of military defeats that underscored the need for urgent modernization. Western languages, especially English, became strategic tools for accessing scientific and technical knowledge from abroad. Yet this engagement was deeply ambivalent. While foreign expertise was needed, the threat of ideological subversion loomed large.

The Self-Strengthening Movement of the late Qing period embodied this tension. As Adamson (2002, p. 234) explains, its guiding slogan - "study China for morality, the West for utility" - reflected a model of selective appropriation: foreign languages were embraced only to the extent that they served national development. Language was treated as a neutral medium, stripped of cultural depth, and valued purely for its functional utility. This instrumental logic persisted into the Republican era. According to Feng & Adamson (2019), while government policies encouraged foreign language learning to support scientific and technical advancement, they also coexisted with waves of cultural protectionism and antiforeignism. Throughout this period, language policy privileged strategic benefit over intercultural dialogue, a framework that would carry through the foundational decades of the PRC.

### **Portuguese Language Education Under the People's Republic**

The early decades of the People's Republic saw the consolidation of foreign language education as a state-directed and ideologically mediated endeavour. Portuguese, in particular, entered the curriculum not through linguistic diversity initiatives, but through Cold War-era foreign policy recalibrations, where Russian was initially the privileged language (Ning, 2021). Following the Sino-Soviet split, China intensified engagement with Africa and Latin America, many of whose liberation movements operated in Portuguese. This led to a targeted need for specialists who could serve state objectives abroad.

In 1960, the first formal Portuguese language program was launched at the Beijing Broadcasting Institute, selected for its role in external propaganda rather than linguistic prestige. That same year, the Beijing Institute of Foreign Languages initiated a short-term intensive course in Portuguese, later expanded to a full degree. These programs were designed to produce translators, journalists, and diplomats for use in state media and foreign service, often tied directly to ideological dissemination (Li, 2012). Training was also carried out in Macao under the auspices of the Nam Kwong Commercial Company, illustrating the strategic use of external sites for politically aligned language



instruction (Choi, 2012). These efforts culminated in the 1964 “3000 Talents Plan”, a seven-year initiative to build diplomatic translation capacity in key foreign languages.

However, the Cultural Revolution (1966–1976) brought a dramatic reversal. Foreign languages were recast as vehicles of ideological contamination, and institutions where foreign languages were taught were denounced as counter-revolutionary (Li, 2012). Language programs were suspended, foreign materials banned, and trained professionals side-lined. As Mao & Min (2004) note, this period exemplifies the cyclical, even pendular, nature of Chinese language policy, where moments of pragmatic openness give way to ideological retrenchment.

Rehabilitation of foreign language teaching began cautiously in the 1970s, in tandem with China’s re-entry into global diplomacy. Portuguese programs resumed in Beijing and Shanghai, though their expansion remained limited and ideologically constrained. By the 1990s, Portuguese remained marginal, confined to a few institutions and serving narrowly defined state purposes. As Li (2015) observes, this long stagnation would be abruptly broken in the 2000s by a ‘volcanic eruption’, that is, an explosive growth of the number of students and courses of Portuguese in China’s higher education.

### **Contemporary Developments and Enduring Structures**

The 21st century witnessed a sharp turn in Portuguese language education. Between 2000 and 2020, the number of universities offering Portuguese in Mainland China rose from three to over forty (André, 2019; Pires, 2022; Jatobá, 2020). This shift was catalysed by several overlapping factors: China’s accession to the WTO; the emergence of Brazil and Angola as strategic partners; the founding of Forum Macao in 2003; and new educational policies encouraging universities to diversify their degree offerings (Ye, 2014; Castelo & Ye, 2020). Portuguese suddenly became attractive due to its perceived market value and low initial institutional cost. Yet this growth occurred without a formal guiding policy. As Jatobá (2020, p. 184) argues, it amounted to a “tacit policy”, shaped more by political and economic signals than by educational planning. This flexibility allowed rapid expansion, but also introduced problems of quality control, faculty training, and curricular fragmentation (Ye, 2014; Liu, 2017).

Even as market responsiveness increased, the ideological framing of language education remained intact. Policy documents continued to stress alignment with national priorities. Portuguese was promoted not for its cultural richness, but for its strategic usefulness. Decisions like the 2011 withdrawal of preferential exam policies reinforced the message that language programs would be supported only as long as they served state-defined goals (Liu, 2017). This expansion also revealed structural asymmetries. As of 2023, over half hundred institutions in Mainland China and its SARs offered Portuguese courses (Pires, 2024), with estimates of student enrolment range between 5,100 and 6,400, and about 300 teachers nationwide. (Pires, 2022; Castelo & Ye, 2020). Yet staffing levels, academic qualifications, and postgraduate opportunities vary widely. As of 2020, only 6% of Mainland teachers held doctorates, compared to a more qualified and experienced teaching corps in Macao (Castelo & Ye, 2020).



Macao occupies a pivotal position as both a geopolitical bridge and an academic centre within China's Portuguese language education system. Yet, until 1999, Portuguese was the language of the ruling class, public services and Law (Teixeira e Silva & Lima-Hernandes, 2014, pp. 63 & 64). Cheng (2020, p. 186) states that there was no defined language policy in Macao during Portuguese rule. More than four centuries of rule had only led to the creation of two separate societies. As Cheng (2020, p. 187) further points out:

*"(...), the influence of the Portuguese language hardly spread beyond the public domain. In other fields, such as commerce, education and cultural life, Portuguese was not commonly used in Macao society, either because the Portuguese administration deliberately refrained from making Portuguese the official language outside government business, or because governmental inefficiency impeded the expansion of the official language policy beyond the public domain".*

However, the local government did make significant advances during the 1990's that greatly impacted Portuguese language teaching to this day. The creation of the University of Macau and the Polytechnic Institute of Macao (now Polytechnic University of Macao) is still seen as having an impact in the competitiveness of those that learn Portuguese (Teixeira e Silva & Lima-Hernandes, 2014, pp. 70). Furthermore, the Macao Special Administrative Region's is based on the Portuguese one. Cheng (2020, p. 197) further states it is necessary for the legal system to remain bilingual, as a way of not only remembering the territory's history but also of protecting the Portuguese language.

Its institutions provide structured professional development for Mainland instructors through master's and doctoral programs, intensive summer training, interpretation courses, and scholarly conferences. These institutions also act as instruments of cultural diplomacy, operationalizing Macao's formal role as China's designated platform for Lusophone cooperation. In this dual capacity, Macao integrates educational leadership with strategic function, aligning language education initiatives with Beijing's broader soft power objectives, particularly within the framework of the Belt and Road Initiative.

### **From Language Policy to Ideological Control**

Despite quantitative gains, significant challenges remain. The absence of standardized curricula, the uneven distribution of faculty expertise, and reliance on Macao all point to the fragility of the system. As in earlier decades, foreign language education remains a tool of statecraft: flexible in form, but rigid in function. Locals identify more closely with the PRC (Geddes, 2020), an element that is present even among younger generations. Li, Jeong, Wong et. al. (2025, pp. 566 & 567) found that University of Macau students have an easier time accepting the official ideology of the CCP, as well as balancing the existence of a national identity that does not eliminate the presence of a local identity. The authors also signal to the fact the current circumstances are not static:



*"Notably, as the Hong Kong and Macao governments actively promote patriotic education, which has been significantly shaped by the official ideology in Mainland China in recent years, this spectrum pattern is better treated as dynamic rather than static, as it may change over time. This spectrum pattern could provide insights for school stakeholders to rethink how to better equip youths for the complex world through patriotic education"* (Li Jeong, Wong et. al., 2025, pp. 567 & 568).

Patriotic education, therefore, is viewed as key element to promoting national unity through the Xi Jinping thought. In 2024 the local government announced that new courses would be offered at Macao schools to foster a strong national with China, as well as promote "excellent Chinese culture" (Pereira, 2024; The Macao News, 2024). Then chief executive Ho Iat Seng stated that the Patriotic Education Law would ensure national security and the without it, Macao would not continue in its path of development and solidity (Pereira, 2023). His words have been closely replicated, through calls to use patriotic materials in strengthen Macao's integration with the Greater Bay Area region (Ho, 2025) and to increase education investment as a way of not only spearheading technological development, but also construction of a stable national identity.

Other institutions have responded to the government's push to embrace patriotic education as a crucial part in solidifying Macanese society and integrating into the CCP's *tianxia*. The Women's General Association of Macao, for instance, called the local government to commit to promoting patriotic education among young people (Marques, 2025), as a way a solidifying the patriotic spirit the Macanese people with the framework of the "One Country, Two Systems" (Newsdesk, 2024).

History has been at the core of the discussion. Beijing's intent revolves around creating a narrative that not only reminds Macao and Hong Kong youths of the country's past under foreign oppression but also attempts to generate a stronger sense of belonging to China under the help of the CCP. Production of teaching materials, for instance, was a point of contention. Macao SAR DSEDJ, since 2019, has encouraged schools to adopt history manuals produced by the People's Education Press, a Mainland China publisher. Several academics questioned whether this would limit a more pluralistic comprehension of history (JTM, 2016).

## Conclusion

Stemming from centuries of tradition, the CCP has attempted to create a new form of social harmony. Based on Xi's Thought, the PRC intends to create a space where the Communist leadership is placed at the centre. These efforts are not new since 1949 and yet Xi's presidency has pushed ideological and political education further than previous generations of Communist rulers. Universities have been particularly targeted leading to greater insularity from the outside world. Nonetheless, there is still a disconnect between the ideological objectives of the state and the needs and concerns of Chinese youth. High unemployment and a lack of willingness to engage in the "rat race" that is required to



reach a high-status position in society counteract the CCP's intention of having a cohesive force moving in the same direction. Furthermore, greater investment in fields like STEM and AI places greater pressure on language courses to become attractive to young college students.

The case of Portuguese in China exemplifies the intersection between foreign language education and geopolitical strategy. From its marginal beginnings as a tool of diplomatic necessity to its current status as a language of opportunity and employability, Portuguese has found a distinct space within China's linguistic landscape. Its continued success will depend on sustained investment, institutional collaboration, and the evolving priorities of China's engagement with the Lusophone world.

At the same time, this trajectory highlights a critical insight for international language policy: the promotion of a foreign language, whether for cultural outreach, soft power, or commercial gain, cannot be disentangled from the ideological and institutional structures of the host country. In China, where language planning is tightly coupled with political priorities, foreign language education remains a carefully managed enterprise. The development of Portuguese has advanced not through cultural affinity, but through strategic calibration - serving diplomatic, commercial, and ideological functions within China's state-led educational framework. For Portugal, this underscores the need for foreign policy and language promotion strategies that are attuned to the recipient country's political economy and ideological parameters.

In this regard, Macao holds particular relevance. As both a symbolic link and an operational platform, Macao facilitates the linguistic and institutional bridge between China and the Lusophone world. Its comparative academic strength, cultural familiarity, and geopolitical positioning make it a critical node for expanding Portuguese language education in East Asia. More broadly, the case of Portuguese in China offers a window into the complex interplay between language, ideology, and international relations, an interplay that defines, and will continue to shape, the evolving dynamic between Portugal, China, and the wider Lusophone sphere.

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## **KNOWLEDGE, POWER AND THE MODERN INTERNATIONAL: INSIGHTS FROM PORTUGAL–CHINA SCIENCE AND TECHNOLOGY COOPERATION**

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### **Abstract**

This study provides a critical appraisal of the evolving relationship between Portugal and China in the domain of science and technology (S&T). It challenges functionalist and technocratic approaches to international S&T cooperation by advancing an extended analytical framework inspired by Shilliam's conceptualisation of the "modern international". The article argues that S&T cooperation is shaped not only by institutional arrangements and policy instruments, but also by historically constituted hierarchies, colonial and semi-colonial legacies, and asymmetries in power, resources, and epistemic authority. The study concludes that the "modern international" provides a fruitful framework to capture the historical depth and political complexity of contemporary S&T cooperation between a global innovation powerhouse and a semi-peripheral European country.

### **Keywords**

Portugal, China, International S&T cooperation, Cooperation for Science, Knowledge power asymmetries, Historical global hierarchies.

### **Resumo**

Este estudo oferece uma avaliação crítica da evolução da relação entre Portugal e a China no domínio da ciência e tecnologia (C&T). O artigo desafia abordagens funcionalistas e tecnocráticas à cooperação internacional em C&T, avançando um quadro analítico ampliado inspirado na conceptualização de Shilliam sobre o "internacional moderno". Argumenta-se que a cooperação em C&T é moldada não apenas por arranjos institucionais e instrumentos de política pública, mas também por hierarquias historicamente constituídas, legados coloniais e semi coloniais, e assimetrias de poder, recursos e autoridade epistémica. O estudo conclui que a noção de "internacional moderno" constitui um enquadramento fecundo para captar a profundidade histórica e a complexidade política da cooperação contemporânea em C&T entre uma potência global de inovação e um país europeu semi periférico.



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### Palavras-chave

Estratégia de hedging, Portugal, China, Estados Unidos.

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## **KNOWLEDGE, POWER AND THE MODERN INTERNATIONAL: INSIGHTS FROM PORTUGAL–CHINA SCIENCE AND TECHNOLOGY COOPERATION<sup>1</sup>**

**CARLOS RODRIGUES**

### **Introduction**

This research offers a critical appraisal of the evolving relationship between Portugal and China in the realm of science and technology (S&T). It focuses on the cooperative interactions between a small, underfunded S&T system, marked by several structural limitations, and a global innovation powerhouse supported by a large, well-funded and carefully planned systemic context (Pisani et al., 2025; Sun and Cao, 2024). Differences in size and power invite a challenge to the adequacy of a purely functional and technocratic analysis of S&T cooperation between the two countries, which, in the end, would provide a neutral portrait of a tendentially balanced cooperative dynamics. By contrast, this paper seeks to move beyond functional and technocratic perspectives in order to examine how systemic asymmetries shape cooperation. In addition, it endeavors to shed light over the underlying political dimensions, which unfold across the hierarchical structures of globalized knowledge production.

This analytical context, in turn, raises theoretical challenges that mainstream approaches to international relations may be unable to resolve. In broad terms, realist, liberal and constructivist models, as articulated by authors such as Waltz (1979), Keohane (1984), and Wendt (1992; 1995), do offer powerful insights into state behavior, yet limited in their capacity to disentangle the complex and diverse dynamics of international S&T cooperation. Is cooperation primarily a matter of power and competition, or part of a broader effort to empower states pursuing national interests in a troubled world? The realist perspective risks overlooking the persistence of cooperation despite rivalries, geopolitical tensions or power asymmetries. Even amid intense geopolitical confrontation, as in the case of the Cold War, Soviet and American scientists and research centers cooperated in order to advance knowledge in specific fields, particularly space-related research (Krige, 2019). Furthermore, the view, as in Waltz (1979, p. 98), that “*variation of structure is introduced, not through differences in the character and function of units [of international political systems], but only through distinctions made among them according to their capabilities*”, focus on the effects of structure on cooperation between nations, overlooking important historical and epistemic dimensions. Is cooperation

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<sup>1</sup> Conflict of Interests: The author declares that there are no conflicts of interest associated with this study.



important because it reduces the risk of international conflict by generating mutual gains within a framework of strong institutions, rules and laws? The liberal approach may leave in the shadows crucial political and cultural dimensions affecting S&T cooperation, particularly due to its emphasis on institutional efficiency in mitigating problems arising from imbalances in power, resources, capacities and policy priorities. According to Keohane (1984, p. 51), cooperation “occurs when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy coordination”. This reasoning, although relevant to understand how cooperation can be ignited and maintained, does not say much about the determining historical configuration of preferences and the persistence of structural inequalities. Is cooperation a socially constructed process underpinned by a widely shared set of rules, values and expectations? The constructivist perspective, although powerful to analyze how identities and cultures shape S&T-related international networks, may obscure the constraining effects of intense technological competition among states and blocs. Wendt (1992, p. 395) argues that “anarchy is what states make of it” in order to bring identity and social structure into the discussion. However, the author leaves the historical constitutions of international relations and cooperation in the shadow. Moreover, and perhaps decisively, these mainstream theories, - largely developed under the influence of Western philosophy, political theory and history (Acharya and Buzan, 2010) - tend to be ineffective in addressing the impact of the “ideational and perceptual forces which fuel, in varying mixtures, both Gramscian hegemonies, and ethnocentrism and the politics of exclusion”, as the same authors argue (Acharya and Buzan, 2010, p. 2). Hence, this paper tests an extended frame of reference that allows, on the one hand, going beyond a conception of international relations as solely shaped by power, institutions, or norms, and, on the other hand, avoiding a Eurocentric theoretical bias. This concern echoes the problem identified by Shilliam (2010, p. 5): “That the colonial condition has been more the normal rather than exceptional historical path to modernity is woefully ignored in theories and approaches to IR that tend to bolt imperialism and colonialism onto existing frameworks and narratives that center upon an idealized European experience”.

The paper embeds the specific case of Portugal-China S&T relations within a framework in which knowledge generation and technological development, transfer and exchange are intertwined with history, power and dependency relations and global governance. This ‘embedding’ not only legitimizes the extended framework as analytical reference but also paves the way to bring Portugal’s colonial past into an account of interaction between a global innovation powerhouse - underpinned by large-scale investments in research and development, technology transfer and scientific diplomacy - and a small European Union member state seeking to position itself strategically as a connector between Europe and the Global South.

From a methodological point of view, the study follows a dominant qualitative, critical-historical approach grounded in an interpretive effort underpinned by the ‘modern international’ framework. Accordingly, the interpretative stance underpinning the analytical strategy is informed by historical and postcolonial political economy perspectives. Rather than seeking causal generalization, the study aims to contextualize empirical patterns within broader structural, historical, and geopolitical dynamics shaping



international S&T cooperation. Qualitative data were collected through documentary analysis of bilateral agreements, memoranda of understanding, policy documents, institutional reports, and official communications produced by Portuguese, Chinese, and Macanese authorities, as well as by universities and funding agencies. Media reports and institutional websites were also analyzed, namely to identify concrete cases of cooperation, joint research centers, and funding initiatives. Although eminently qualitative, the paper also resorts to data resulting from bibliometric analysis of co-authored scientific publications indexed in the SCOPUS database and joint research projects described in the CORDIS database. Publication and project counts, disciplinary distribution, and relative weight within Portugal's international collaboration profile were analyzed for the period 2019–2025.

### **S&T Within the Modern International: Making the Case for Portugal and China**

Is the extended 'modern international' frame of reference fit to inform the study of international S&T cooperation? Shilliam (2021) describes the *international* as something that cannot be reduced, as realist theories tend to do, to a neutral, timeless space of competitive interactions between states. Rather, it is the outcome of an evolutive process shaped by historical circumstances (e.g. colonialism, race, slavery) (ibid.), as well as by what Dube (2017, p. 76) terms "*temporal and spatial hierarchies of modernity*". The *modern*, in Shilliam's view (2017, p. 76), emerges from the recognition that international relations, both as a field of scholarly inquiry and as practice, developed alongside European modernity, which itself was constructed through empire and colonial subjugation, laying the foundations for a global configuration of unbalanced modernities. Bringing Shilliam's propositions to the domain of international S&T cooperation implies the assumption that history is a determining factor in understanding the changing imaginations, mechanics, politics, policies and practices of cooperation between scientific and technological systems. This approach aligns with Wallerstein (1984) conceptualization of a hierarchically structured world-system constituted by core, semi-peripheral, and peripheral contexts. However, although the convergence in underlining the historical production of global inequalities and the uneven distribution of scientific and technological capacities, Shilliam's 'modern international' places stronger emphasis on colonial hierarchies imposed by imbalances in epistemic power. Accordingly, it facilitates the reading of the transformation dynamics behind the former colonial Portugal's positioning as a semi-peripheral country within Europe, and China's transition from a semi-colonial condition to a core technological actor.

The co-evolution of scientific modernity and European colonial expansion resulted in a divide between certain 'developed' states, positioning themselves as producers of knowledge, developers of new technologies and centers of innovation, and other 'developing' states, cast as followers and passive users of knowledge and technologies created by the former. Within this uneven hierarchical context, S&T cooperation becomes a collaborative yet asymmetrical relationship between advanced mentors and latecomer apprentices. This imbalance is far from being something of the past, as demonstrated by



the burgeoning literature on the subject (e.g. Ishengoma, 2016; Cherry et al., 2018) and the examples of Europe-Africa cooperation provided by Nordling (2015, p. 24): “*the Nairobi Industrial Court agreed that six Kenyan doctors in an international research partnership had been systematically passed over for promotion and training, whereas their European colleagues had flourished*”, and “*African scientists say that they often feel stuck in positions such as data collectors and laboratory technicians, with no realistic path to develop into leaders*”. The argument, therefore, is that a form of colonial continuity persists - often rhetorically reframed as “mutual heritage” or “shared history” (Oancă, 2025) - underpinned by a paternalistic approach that ultimately risks reproducing further scientific and technological dependency.

However, contrary to what a superficial discussion of S&T uneven hierarchies might suggest, Europe does not stand as the sole cradle of what we nowadays call science. This becomes evident when examining the decisive historical contributions made by Arab civilizations (e.g. astronomy, medicine, chemistry, mathematics) and by China (e.g. printing, paper, gunpowder, mathematics, astronomy). Accordingly, questions arise regarding the extent to which a framework centered on colonial legacies can be straightforwardly extended to regions such as China or the Arab world, both of which were at the forefront of technological development and innovation until at least the 13<sup>th</sup> and 16<sup>th</sup> centuries respectively. In China’s case, however, the 19<sup>th</sup> and early 20<sup>th</sup> centuries, although not configuring formal colonization as experienced in Africa or South Asia, reflect a semi-colonial condition. As Reinhardt (2018) argues, China was not formally colonized, yet it was clearly dominated by external powers. The Opium War of 1840, culminated in the victory of British imperial forces and the signing of the Treaty of Nanjing, which, in brief, compelled China to handover Hong Kong to the British Crown and to open several coastal cities to foreign residence and trade (Wright, 2011). This traumatic episode underpins the contemporary discourse of the “Chinese Dream of National Rejuvenation”, as expressed by Xi Jinping: “*The Chinese nation is a great nation. With a history of more than 5,000 years, China has made indelible contributions to the progress of human civilization. After the Opium War of 1840, however, China was gradually reduced to a semi-colonial, semi-feudal society and suffered greater ravages than ever before. The country endured intense humiliation, the people were subjected to great pain, and the Chinese civilization was plunged into darkness. Since that time, national rejuvenation has been the greatest dream of the Chinese people and the Chinese nation*”<sup>2</sup>.

The Chinese Revolution and the founding of the People’s Republic in 1949 brought this period of “humiliation” to an end. In this sense, China’s revolutionary transformation aligns with the propositions of the “modern international” unveiling the possibility of resisting colonial and semi-colonial legacies and their inherent uneven hierarchies (Shilliam, 2011). Science and technology, deemed as crucial to modernizing the formerly “humiliated” nation, became a strategic priority. The Communist Party called to “march towards science”, under Chairman Mao’s motto: “*Now that the relations of production*

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<sup>2</sup> Speech by Xi Jinping at the ceremony marking the CCP centenary, July 1, 2021. Retrieved from [https://english.www.gov.cn/news/topnews/202107/01/content\\_WS60dd8d8ac6d0df57f98dc459.html](https://english.www.gov.cn/news/topnews/202107/01/content_WS60dd8d8ac6d0df57f98dc459.html).



*have changed, it is necessary to increase productivity. Without science and technology, productivity cannot be improved*"<sup>3</sup>.

With planned science already well established and accepted in the country, namely due to the Sino-Japanese War and Soviet influence (Wang, 2015), China launched a twelve-year S&T plan in 1956. The Long-Range Plan for Scientific and Technological Development (1956–1967)<sup>4</sup>, described as *"the most celebrated of China's past S&T plans"* (Sun and Cao, 2021, p. 5), laid the foundations for modern scientific development. It forged a *"triple alliance between workers, scientists and administrators"* (Yamada, 1972, p. 502), meant to support the Great Leap Forward's industrialization ambitions and a self-reliant scientific system. Although the *"hopelessly utopian"* Great Leap Forward strategy (Schoenhals, 1992, p. 591) and the turbulence of the Cultural Revolution, - with its *"distinctly anti-scientific tone"* (Wu and Sheeks, 1970, p. 462) - produced serious setbacks, these experiences informed later reforms. From 1978 onwards, under Deng Xiaoping's leadership, science and technology were repositioned at the core of China's modernization and development trajectory:

*"The key to the four modernizations is the modernization of science and technology. Without modern science and technology, it is impossible to build modern agriculture, modern industry or modern national defense. Without the rapid development of science and technology, there can be no rapid development of the economy"* (Xiaoping, 1978)<sup>5</sup>.

Strong centralized S&T planning and major policy initiatives - such as the 863 Programme (1986), the 973 Programme (1997), Made in China 2025 (2015), the National Key R&D Programme (2016) and the New Generation Artificial Intelligence Development Plan (2017) - have driven what Gewirtz (2019) describes as a new technological revolution. Jabbour and Moreira (2023, p. 546) characterize this trajectory as a *"New Projectment Economy"*, rooted in the *"central role of China's National System of Technological Innovation since the second half of the twentieth century"*.

China's transformation into a global scientific and technological powerhouse fundamentally challenges Western historical dominance in S&T and flattens the hierarchies inherited from semi-colonial Western epistemic authority (Shilliam, 2015). This ambition is encapsulated in Xinhua's commentary on the 19<sup>th</sup> National Congress of the CPC: *"By 2050, two centuries after the Opium Wars, which plunged the 'Middle Kingdom' into a period of hurt and shame, China is set to regain its might and re-ascend to the top of the world"*<sup>6</sup>.

<sup>3</sup> Excerpt from a Mao Zedong speech in 1956 (Science and Technology Daily, July 7, 2012).

<sup>4</sup> 1956 - 1967年科学技术发展远景规划纲要 (1956—1967 Nián kēxué jìshù fāzhǎn yuǎnjīng guīhuà gāngyào).

<sup>5</sup> Speech at the Opening Ceremony of the National Conference on Science, March 18, 1978. Retrieved from <https://dengxiaopingworks.wordpress.com/2013/02/25/speech-at-the-opening-ceremony-of-the-national-conference-on-science/>.

<sup>6</sup> Xinhua (2017). Commentary: Milestone congress points to new era for China, the world. Retrieved from [http://www.xinhuanet.com/english/2017-10/24/c\\_136702090.htm](http://www.xinhuanet.com/english/2017-10/24/c_136702090.htm).



Portugal, now a small semi-peripheral European country, carries a colonial legacy that situates it among the architects of persistent uneven global hierarchies. Its empire stretched over Africa, Asia and South America. It was the outcome of an expansion process that played a key role in the formation of the modern world system (Devezas and Modelski, 2007). The same authors (Devezas and Modelski, 2007, p. 34) attribute to the Portuguese two “*very important transitions in the formation of the world system*”, namely, the “*creation of a global network together with instruments of global reach [...] and the emergence of some scientific commitment in system-building endeavor*”. The importance of science and technology would give structure to the Portuguese colonial history, far beyond the decline at the end of Enlightenment, reaching the colonies’ independence, in the aftermath of the 1974 Carnation Revolution (Diogo and Amaral, 2012). Science functioned as an instrument of domination, as articulated in early twentieth-century doctrines of the “*science of colonization*” (Costa, 2013).

Although Portugal shares this colonial trajectory with other European powers, its case exhibits two distinctive features: the relative underdevelopment of its S&T system compared with core European states, and its consequent subordinate position within European knowledge hierarchies. Portugal thus occupies a dual position, both reproducing colonial hierarchies and remaining subject to those imposed by a structurally unequal Europe. Its persistent underfunding of S&T, dependence on EU resources and precarious scientific careers exemplify this condition (Gago, 1990). As such, Portugal is a good illustration of Shilliam’s (2011) argument that colonial hierarchies are uneven and layered, i.e., they are much more than a simple North-South divide.

Mobilising Shilliam’s concept of the “*modern international*” in the analysis of Portugal-China S&T cooperation entails treating scientific collaboration as a historically situated and politically embedded process rather than a neutral exchange among formally equal partners. Accordingly, this implies the examination of the ways colonial and semi-colonial legacies shape contemporary epistemic hierarchies and expectations of expertise and the analysis of asymmetries in material resources, institutional capacity, and agenda-setting power. In addition, it requires an effort to positioning bilateral cooperation within broader global governance structures and geopolitical configurations, as well as to tracing how historical narratives - e.g., the national rejuvenation in China or the post-imperial Europeanisation and Atlanticism in Portugal - inform policy choices and cooperative practices. These operational threads guide the empirical analysis, linking observable cooperation mechanisms to deeper historical and structural dimensions.

### **S&T Portugal-China Cooperation: A Brief Overview**

There is a wide and long-established consensus on the centrality of international cooperation in enhancing the capacity of supranational, national and subnational S&T systems to respond to increasingly complex global challenges (Gerrard, 1996; Lacasa and Vogelsang, 2024). For small S&T systems, such as the Portuguese one, international cooperation often becomes a structural need, crucial for addressing challenges such as limited funding and the lack of critical R&D critical mass, as well as for fostering modernization and qualitative improvement. As Patrício (2010, p. 178) observes,



*"Portuguese policymakers, researchers, academic staff and students have become quite aware of the benefits of internationalization". She adds: "A new culture has emerged, the culture that is needed for a country to fit into the new knowledge-based global economy".*

China, in turn, while modernizing its internal R&D capacity, has deliberately mobilized international S&T cooperation as an instrument to bridge the technological and innovation gap with advanced Western economies and, ultimately, to drive its transformation from a technologically dependent country into a global innovation leader. In the words of Cao (2024, p. 2): *"China has rapidly ascended to become one of the world's leading nations for scientific research. While observers frequently point to China's measures to boost domestic science as being responsible for this development, international collaboration has been at least equally critical in China's scientific rise".*

The first formal agreement between Portugal and China dates back to 1982, three years after the establishment of formal diplomatic relations. Motivated by a *"desire to strengthen the friendly relations between the two countries and to promote their cooperation in the fields of culture, science, technology, art, education and sports, on the basis of mutual benefit"* (Diário da República, 1982, p. 2957), the agreement identified as priorities cooperation between higher education institutes, academic mobility, reciprocal scholarship granting and exchange of academic theses, teaching materials, books and data. At that time, individual contacts between academics constituted the main vehicle of cooperation. Evidence of such exchanges can be found, for example, in the collaboration in materials science between Lopes Baptista, Professor at the University of Aveiro, and Yi Pan, Professor at Zhejiang University, evidenced by a significant number of joint publications (e.g., Pan and Baptista, 1996; 2000). This case also illustrates the subsequent process of institutionalization that followed these initially individual-driven interactions. The Basic Agreement on Scientific and Technical Cooperation signed in 1993 established an action-oriented institutional framework, notably through the creation of a joint commission responsible for defining priorities and overseeing implementation, which remains in place. The main areas of S&T cooperation were further specified in the Joint Declaration supporting the Global Strategic Partnership signed in 2005: information and communication technologies, biotechnology and biomedicine, physics, space sciences, materials science, the environment and oceanography. This framework was reinforced in subsequent years through additional agreements, including the Memorandum of Understanding in the Areas of Science, Technology and Innovation (2012) and sectoral agreements such as the Protocol on Cooperation in Research and Innovation in the Field of Marine Sciences (2014), culminating in the seventeen Memoranda of Understanding signed in 2018 within the framework of the Belt and Road Initiative. Among them, the memorandum establishing the Portugal-China 2030 Science and Technology Partnership introduced new fields of cooperation, including space-related research and the blue economy.

China's designation as a 'systemic rival' by the European Commission in 2019 (EC, 2019), the COVID-19 pandemic crisis, and pressure from the United States for Portugal to choose between its Western allies and China (Rodrigues, 2023) can be seen as factors that have troubled Portugal-China cooperation, particularly in S&T, as illustrated by the



Portuguese government's decision to exclude Chinese firms from the development of 5G networks. Rodrigues (2025, p. 198) refers to a "notable cooling of enthusiasm" after 2019. The same author (Rodrigues, 2025) adds that, in the case of Portugal, the cooling effect, although visible in several domains, "did not relegate China to the category of rival". Accordingly, Portugal-China S&T relations may be described as sound yet nuanced. Soundness is reflected in the joint establishment of research centers (Table 1), joint research programmes and projects - including those promoted by the Portuguese Foundation for Science and Technology and China's Ministry of Science and Technology, as well as EU-funded initiatives - and a substantial body of co-authored publications (Table 2) produced through prolific cooperation between scientists in both countries, at both individual and institutional levels.

**Table 1. Portugal-China cooperation: Joint Research Centers**

Year	Initiative
2017	<b>International Joint Research Center for Marine Biology</b> - Partners: University of Algarve and Shanghai Ocean University
2018	<b>CASS-UC Centre of China Studies</b> - Partners: University of Coimbra (UC) and the Chinese Academy of Social Sciences
2021	<b>5GAIner - 5G + IA Networks Reliability Centre</b> - Partners: Huawei, University of Aveiro, IT- Institute of Telecommunications
2024	<b>China-Portugal Joint Institute for Climate and Energy</b> - Partners: China University of Petroleum (Beijing) and IST- Instituto Superior Técnico
	<b>China-Portugal International Joint Laboratory in Herbal Medicines</b> - Partners: University of Lisbon (Faculty of Pharmacy) and Jiangxi University of Traditional Chinese Medicine.
	<b>Sino-Portuguese Laboratory on Marine and Environmental Sciences</b> - Partners: Institute of Science and Environment (University of Saint Joseph Macao), Portuguese Catholic University, Portuguese Institute for Sea and Atmosphere (IPMA), and Institute of Oceanology (Chinese Academy of Sciences).
2025	<b>Sino-Portuguese Joint Research Center for Sustainable Chemistry and Materials</b> - Partners: CICECO (University of Aveiro) and East China University of Science and Technology.
	<b>China-Portugal Joint Laboratory on AI and Public Health Technologies</b> - Partners: INESC-ID, Guangzhou Laboratory, Guangzhou Medical University, and Macao University of Science and Technology.
	<b>STARlab</b> - Partners: University of Minho, University of Trás-os-Montes e Alto Douro and IAMCAS- Innovation Academy for Microsatellites Chinese Academy of Sciences.
	<b>Joint Laboratory in Artificial Intelligence for Healthy Longevity</b> - Partners: University of Coimbra and Macao Polytechnic University

Source: Author

As shown in Table 2, between 2019 and 2025 nearly 16,000 scientific articles indexed in the SCOPUS database were co-authored by researchers working in Portugal and China, representing approximately 4% of Portugal's internationally co-authored output. During this period, China ranked 10<sup>th</sup> among Portugal's international scientific partners, in a list led by Spain, the United Kingdom and Brazil.

**Table 2. Portugal-China cooperation: co-authored papers (2019-2025)**

Subject Area	Number	%
Engineering	2435	15,30%
Physic & Astronomy	2282	14,34%
Medicine	1490	9,36%
Materials Science	1269	7,97%
Computer Sciences	1014	6,37%
Environmental Sciences	898	5,64%
Chemistry	838	5,27%
Biochemistry & Genetics	791	4,97%
Biology	637	4,00%
Earth & Planetary Sciences	565	3,55%
Mathematics	536	3,37%
Chemical Engineering	512	3,22%
Social Sciences	446	2,80%
Energy	380	2,39%
Multidisciplinary	302	1,90%
Immunology & Microbiology	244	1,53%
Business & Accounting	200	1,26%
Psychology	176	1,11%
Pharmacology	174	1,09%
Neuroscience	158	0,99%
Economics & Finance	145	0,91%
Decision Sciences	139	0,87%
Health Professions	101	0,63%
Arts & Humanities	82	0,52%
Nursing	66	0,41%
Veterinary	26	0,16%
Dentistry	09	0,06%
<b>TOTAL</b>	<b>15915</b>	<b>100,00%</b>

Source: Scival Elsevier (n.d.)

Table 2 further indicates that more than 60% of these co-authored publications fall within the fields of engineering, physics and astronomy, medicine, materials science and computer science. Overall, cooperation appears strongly oriented towards technical and applied sciences. This emphasis may be attributed to several factors, including China's innovation priorities, Portugal's specialized expertise in these domains, and the objectives of funding institutions. Moreover, the technical focus of early cooperative initiatives in the 1980s appears to have shaped subsequent trajectories. A similar pattern is observed



in Horizon Europe projects (2021–2027) coordinated by Portuguese organizations with Chinese institutions as associated partners. According to the CORDIS database, approximately 15% of the 107 projects coordinated by Portuguese entities involve Chinese partners. This represents a significant increase compared with the Horizon 2020 programme (2014–2020), during which Chinese participation was marginal, with only four out of 672 projects.

In this context, the general cooling of EU–China relations in the field of S&T appears to have had a less pronounced impact on Portugal–China cooperation than in some other EU member states, where stricter eligibility rules for R&D funding, heightened knowledge-security concerns and restrictions on Chinese researchers' access to sensitive research facilities produced a stronger deterrent effect (Cai and Zheng, 2025). Nevertheless, there is evidence that the deteriorating geopolitical environment - particularly the strained relations between China, the EU and the United States - has influenced Portugal–China cooperation, primarily at the level of public discourse.

While collaboration on the ground has remained largely robust, it has been accompanied by a weakening of its public and political articulation. The case of the "5GAIner — 5G + AI Networks Reliability Centre", established in 2021 at the University of Aveiro and funded by Huawei, illustrates this dynamic. The laboratory, which provides "a 5G experimentation environment for the different stakeholders taking part in the 5G ecosystem" (Quevedo et al., 2023, p. 514), developed internationally recognized R&D projects and maintained close ties with industrial firms and public organizations. It was awarded with the "Huawei Corporate-Level Excellent Technical Cooperation Project 2022" and received considerable public attention. However, the ban imposed in May 2023 by the Portuguese government on the participation of companies headquartered in non-NATO countries in 5G development - a decision that directly affected Huawei - apparently changed the situation. Signaling a shift in the relational dynamics between Portugal and China (Rodrigues, 2025), this decision, as expected, impacted on the S&T cooperative dynamics involving Huawei and research organizations. The research objectives pursued by the 5GAIner laboratory are still underpinning research activities at the University of Aveiro, but no connection to Huawei can be established with basis on available information.

### **Exploring the Extended "Modern International"**

Science and Technology cooperation between Portugal and China, despite differences in power and scale, may be regarded as a natural development within the globally shared understanding that the internationalization of scientific and technological systems is of fundamental importance. However, when the aim is to test the extended concept of the "modern international" as a meaningful analytical framework for examining cooperative dynamics between the two systems, this notion of "naturalness" acquires important nuances. These nuances are grounded in history, geography and politics, and are rooted in Macao. In this sense, when interpreting the current status of Portugal-China S&T cooperation through the "modern international", Macao provides an effective analytical path to go beyond the limited view of cooperation as motivated by any sort of functional



complementarity or convergence of interests. Rather, the current dynamics emerge from historically constructed relations through which knowledge, power, and legitimacy have circulated unevenly across colonial and post-colonial configurations.

Macao became a permanent Portuguese trading base in 1557 through a concession granted by the Ming dynasty and was formally transformed into a colonial territory more than three centuries later, following the signing of the Lisbon Protocol and the Sino-Portuguese Treaty of Friendship and Commerce in 1887. Although never ratified, the treaty conferred sovereignty over the territory upon Portugal. Portuguese colonial rule persisted until 1976, when China gradually resumed certain sovereign powers within the post-revolutionary Portuguese decolonization process, culminating in Macao's handover to China in 1999 and its incorporation into the "One Country, Two Systems" framework as the second Chinese Special Administrative Region. The smooth and successful negotiations during the transition period (1988–1999) are widely regarded as a key foundation of the stable and mutually beneficial relations that endure today.

Historically, Macao has served as a crucial gateway between European and Chinese cultures and systems of knowledge. As Soen (2004, p. 219) observes, "*during the late sixteenth and early seventeenth century Macao was a vibrant Portuguese trading center where Europeans and Chinese exchanged products and knowledge... and became a keystone in cultural exchange between East and West and China*". Its role as an entry point for Western medical knowledge during the late Ming and early Qing dynasties (Wu et al., 2024), European mathematical sciences (Jami, 2004), and Chinese pharmaceutical knowledge transmitted to Europe (Golvers, 2018) exemplifies this mediating function. Even in periods when Portuguese authority over Macao was severely contested, particularly during the nineteenth century, the enclave "*continued to function for China as an important point of entry for Western ideas*" (Edmonds, 1993, p. 5).

From the perspective of the 'modern international', Macao is providing support to cooperative practices that can be deemed as embedded in older regimes of global ordering and inherent uneven hierarchies. Hence, the framework provides the understanding of Portugal-China S&T cooperation as a reconfigured continuation of historically driven modes of international engagement that present unbalances, mediation, and symbolic power as constitutive dimensions. As such, it is not a simple matter of responding to the challenges of globalized science. This calls forth the need to know more about the extent to which Macao continues to fulfil a mediating role, nowadays under Chinese sovereignty. One central argument is that Portugal's colonial legacy - although now residual - has been reprocessed into symbolic capital (Ferraz de Matos, 2020), providing significant leverage for the development of exchanges and cooperative networks between China, Portugal and Portuguese-speaking countries. This symbolic capital has been institutionalized, most notably through China's establishment in 2003 of the Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries (Forum Macao), which uses the Portuguese language as a structuring element supporting Macao's role as a platform linking China, Portugal and their former colonies (as well as Equatorial Guinea).



Macao's function as a bridging territory also extends to international S&T cooperation, as formalized in the Framework Law for Science and Technology issued by the SAR Legislative Assembly in 2000 and in the Administrative Regulation governing the Macao Science and Technology Development Fund (FDCT) established in 2004. Notably, FDCT's institutional communications explicitly identify Portugal - alongside mainland China - as a major partner in international S&T cooperation (FDCT, 2024). In addition to formal agreements between the Portuguese government and the Macao SAR (e.g., the 2001 cooperation agreement), a range of policy instruments support collaboration, including memoranda of understanding between FDCT and Portugal's Foundation for Science and Technology (FCT), (e.g., the 2017 agreement establishing joint R&D funding programmes, researcher mobility schemes and joint dissemination initiatives). These mechanisms have supported projects linking Portuguese and Chinese R&D organizations, particularly in fields such as marine sciences and health technologies (Leandro and Li, 2025).

Institutional partnerships, - especially between higher education institutions in Macao and Portugal, have long played a central role in fostering S&T cooperation and extending it to Chinese partners. The University of Macau's Vice-Rector for Global Affairs, Rui Martins, who serves the institution since 1992, states that the university "*shoulders the mission of linking mainland China, Macao, and Portugal*" (Leong et al., 2025, p. 25). Similarly, the University of Saint Joseph's initiative to establish a research alliance on healthy ageing involving six Portuguese and two Chinese universities illustrates the capacity of Macao-based institutions to generate cooperative networks.

While institution-driven cooperation has expanded, official funding mechanisms have shown signs of contraction. Antunes (2025, p. 1117) notes that the only dedicated joint funding programme involving FCT and FDCT, -launched in 2017-, has not issued new calls since 2019. This contrasts with the continued prominence of China-Macao-Portugal cooperation in official discourse. A partial explanation may lie in FDCT's growing strategic engagement with Brazil, as evidenced by the joint funding scheme negotiated with FAPESP in 2024 and launched in 2025 (FDCT, 2025).

The substantial disparities in S&T capabilities and resources between China and Portuguese-speaking countries, - including Portugal and Brazil-, invite a critical historical interpretation that points to a reconfiguration of dependencies between former colonizers and (semi-)colonized societies. China's scientific and technological development represents a form of epistemic sovereignty with growing influence over global knowledge production (Qiu et al., 2025). Conversely, Portugal's imperial decline has repositioned it from a center of knowledge dissemination to an epistemically dependent semi-periphery (Reis, 2020). This inversion creates new asymmetries within S&T cooperation and requires, as Antunes (2025, p. 1117) argues, "*special care in ensuring that this collaboration is done between equals and reduces this asymmetry*".

Yet, Portugal's colonial legacy also provides network and symbolic resources that compensate, to some extent, for its peripheral position. These resources enhance Portugal's capacity to function as a gateway in international S&T cooperation, not only towards the so-called Global South, particularly the Portuguese-speaking world, but also



towards Europe. This symbolic and network power, in turn, helps explain China's strategic interest in Portugal. Macao epitomizes the complexity of these layered historical, symbolic and geopolitical dynamics.

A first and foremost finding concerns Macao's persistence in assuming a mediating role in Portugal-China S&T cooperation. Consequently, there is scope to argue that colonial legacies are not residual, they are, rather, reactivated and institutionalized according to the nature of change in geopolitical conditions. Macao's mediation, though, occurs within a context of asymmetric scientific capacity and power. In fact, while China is strengthening its S&T system and soundly shaping global research agendas, Portugal suffers from limited resources and power inherent to its semi-peripheral position within the EU. Nevertheless, linear readings of dependency can be challenged, namely due to Portugal's historical ties, linguistic heritage, and institutional networks, which, namely in the Portuguese-speaking world, foster forms of brokerage that may offset material constraints. This duality made of enabling possibilities and structural constraints reveals the 'modern international' as a productive frame of reference to deal with the tensions of cooperation, hierarchy, and historical transformations.

## Conclusion

This study has examined the evolving relationship between Portugal and China in the field of S&T, moving beyond a purely functionalist and technocratic approach. While such perspectives illuminate institutional mechanisms and measurable outcomes, they are insufficient for understanding the deeper historical and structural forces shaping cooperation. To address this gap, the study has tested an extended analytical framework inspired by Robbie Shilliam's conception of the modern international, which foregrounds history and acknowledges the enduring influence of colonial and semi-colonial legacies in structuring global science and technology.

China's transformation into a global research and innovation powerhouse complicates traditional colonial analytical assumptions. The historical narrative that cast Western science as a civilizing gift has been unsettled by China's capacity to challenge Western epistemic dominance and reconfigure global hierarchies of knowledge production. At the same time, Portugal's post-imperial trajectory has repositioned it within the semi-periphery of the global S&T system, weakening its capacity to reproduce former colonial hierarchies.

Against this backdrop, Portugal-China Science and Technology cooperation emerges as both asymmetrical and strategically significant. China views Portugal as a gateway to Europe and Portuguese-speaking scientific spaces, while Portugal seeks expanded funding opportunities, access to advanced research infrastructures and enhanced international visibility through engagement with China. Macao stands as the most tangible expression of this complex dialectic.

Despite geopolitical tensions and structural asymmetries, the analysis confirms the relevance and analytical strength of a historical, colonial and post-colonial framework for understanding contemporary S&T cooperation between nations.



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## **THE CHINESE DIASPORA IN PORTUGAL: A TRANSNATIONAL PARADIPLOMATIC ECOSYSTEM IN SINO-PORTUGUESE RELATIONS**

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### **Abstract**

This study examines the Chinese diaspora in Portugal as a multi-layered transnational paradiplomatic ecosystem shaping contemporary Sino-Portuguese relations, advancing beyond Bongardt and Neves (2007) and Neves and Rocha-Trindade (2008)'s tripartite model of economic facilitation, network leverage, and cultural bridging. Through mixed-methods analysis (document review, and community member interviews). Findings reveal three post-pandemic evolutionary shifts: (1) economic diversification beyond traditional commerce into technology and traditional Chinese medicine (TCM); (2) institutional innovation through organizations like the Liga dos Chineses and Câmara de Comércio Portugal-China PME, brokering subnational partnerships, leveraging Macao/Hengqin as strategic platforms for exchanges between China and Portuguese-speaking countries, and pioneering initiatives like AI-driven TCM integration and Porto's trilingual school; and (3) platform amplification where state-created infrastructures enable trilateral ventures and diaspora capital circulation. Despite challenges - including bureaucratic inefficiencies, and generational engagement gaps - the community demonstrates adaptive resilience as architects of relational infrastructure, sustaining bilateral ties through economic, cultural, and institutional capital flows that redefine engagement beyond state-centric diplomacy.



## Keywords

Chinese community in Portugal, Sino-Portuguese relations, paradiplomacy, diaspora capital, Transnational entrepreneurship.

## Resumo

Este estudo analisa a diáspora chinesa em Portugal como um ecossistema paradiplomático transnacional e multiestratificado que molda as relações contemporâneas sino-portuguesas, ultrapassando o modelo tripartido proposto por Bongardt e Neves (2007) e Neves e Rocha-Trindade (2008), centrado na facilitação económica, na alavancagem de redes e na mediação cultural. A partir de uma metodologia mista (revisão documental e entrevistas a membros da comunidade), os resultados revelam três transformações evolutivas no período pós-pandémico: (1) diversificação económica para além do comércio tradicional, com expansão para os setores da tecnologia e da medicina tradicional chinesa (MTC); (2) inovação institucional através de organizações como a Liga dos Chineses em Portugal e a Câmara de Comércio Portugal-China PME, que promovem parcerias subnacionais, utilizam Macau/Hengqin como plataformas estratégicas para as relações entre a China e os países de língua portuguesa, e impulsionam iniciativas pioneiras como a integração de MTC baseada em inteligência artificial e a criação da escola trilingue no Porto; e (3) amplificação através de plataformas estatais que possibilitam empreendimentos trilaterais e a circulação de capital diaspórico. Apesar de desafios persistentes - incluindo ineficiências burocráticas e lacunas de envolvimento intergeracional - a comunidade revela uma resiliência adaptativa enquanto arquiteta de infraestruturas relacionais, sustentando os laços bilaterais através de fluxos económicos, culturais e institucionais que reconfiguram o envolvimento sino-português para além da diplomacia centrada no Estado.

## Palavras-chave

Comunidade chinesa em Portugal, Relações sino-portuguesas, Paradiplomacia, Capital da diáspora, Empreendedorismo transnacional.

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## **THE CHINESE DIASPORA IN PORTUGAL: A TRANSNATIONAL PARADIPLOMATIC ECOSYSTEM IN SINO-PORTUGUESE RELATIONS<sup>1</sup>**

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### **Introduction**

The year 2019 marked a symbolic apex in diplomatic relations between Portugal and the People's Republic of China (PRC), commemorating four decades since the establishment of formal ties on February 8, 1979. This milestone triggered a series of high-profile events, including an official reception hosted by the Chinese Embassy in Lisbon (Diário do Povo Online, 2019) and an academic conference at the Museu do Oriente (Fundação Oriente, 2019), reflecting the depth of bilateral engagement. These celebrations honoured a relationship that emerged from decades of Cold War ambiguity, during which Macao - and its politically connected Chinese elite - served as a critical, albeit shadowed, conduit. As Alexandre (2023) notes, this group "maintained privileged relations with communist Chinese authorities while exerting significant influence within Portuguese administration in the enclave," laying the groundwork for future ties.

High-level exchanges underscore the relationship's strategic importance. President Xi Jinping's 2018 state visit to Portugal (Presidência da República Portuguesa, 2018) and the 2024 visit of Zhao Leji, Chairman of China's National People's Congress, who met with President Marcelo Rebelo de Sousa and Prime Minister Luís Montenegro (Observador, 2024), demonstrate sustained political commitment. Concurrently, China's economic footprint in Portugal evolved dramatically. While early Chinese immigration (post-1980s) gravitated toward small commerce, Portugal's Golden Visa program (ARI) catalysed a transformative wave of investment and diversified entrepreneurship, shifting community profiles from retailers to major investors in energy, finance, and technology.

The COVID-19 pandemic, however, exposed vulnerabilities. businesses with links to China, particularly wholesale hubs like Varziela in Vila do Conde, faced temporary closures and discrimination fuelled by the pandemic's origins in Wuhan. Consumer

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avoidance of Chinese-owned stores prompted Lisbon's municipality to launch anti-stigma campaigns (Observador, 2020). Yet, the most significant recent friction emerged in telecommunications security: Portugal's 2023 decision - guided by the Superior Council for Cyberspace Security (CSSC) - to exclude Huawei from its 5G infrastructure, citing "high risk" for non-EU/NATO suppliers (Público, 2023), drew sharp criticisms. Bernardo Mendia, Secretary-General of the Luso-Chinese Chamber of Commerce, condemned the move as capitulation to "foreign interests," arguing that it, without justification, undermined centuries of successful cooperation (Público, 2024). Chinese Ambassador Zhao Bentang echoed this, framing the exclusion as reflective of a "Cold War mentality" (Expresso, 2024).

Despite such tensions, economic collaboration has persisted in robust ways, as evidenced by China's €2 billion investment in CALB's lithium battery factory in Sines (Observador, 2025). In addition, the recent accelerated development of Macao as a strategic platform between China and Portuguese-speaking countries - including the establishment and growth of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin (GMDCZH) - has fundamentally reshaped the context.

Traditional scholarship on international relations, including studies of the bilateral relationship between Portugal and China, has often prioritized the actions of governments, official agreements, and high-level diplomacy as primary drivers shaping the relationship. This focus risks overlooking less visible yet no less significant contributions of non-state actors operating beneath and alongside formal state channels. To gain a more comprehensive understanding of the multifaceted ties binding China and Portugal, it is crucial to shift attention towards the enduring human connections fostered by the Chinese community in Portugal.

Moreover, dedicated scholarly research focusing explicitly on the role of the Chinese community in Portugal remains relatively scarce and outdated, often failing to capture their contemporary dynamism and multifaceted contributions. Seminal research by Bongardt and Neves (2007) and Neves and Rocha-Trindade (2008) demonstrates that the Chinese business community in Portugal is a significant, multi-faceted and dynamic actor that facilitates relations between China and Portugal through providing three critical functions: (1) facilitating trade and investment flows, (2) leveraging powerful networks for market advantage, and (3) providing vital institutional and cultural bridging. This multi-faceted role involves trade and economic facilitation through channelling exports and foreign direct investment, utilizing network dynamics (notably *guanxi*) to consolidate competitive positions within the European market, and engaging in institutional and cultural bridging, thereby significantly strengthening the economic and diplomatic ties between Portugal (and the European Union) and the People's Republic of China. However, those studies, dating from 2007 and 2008, now require updating to reflect the profound transformations of the last years.

Recent changes within the Chinese community itself, along with evolving strategies and influence of its representative institutions, rapid technological advancements and shifting global economic dynamics, have introduced new dimensions to diasporic engagement and influence. These developments create a need for contemporary research to re-



examine the role, strategies, and impact of the Chinese community in Portugal, providing an updated understanding of this essential actor in Sino-Portuguese relations.

This study seeks to address the following central question: How has the Chinese community in Portugal evolved and what roles does it play in shaping contemporary Sino-Portuguese relations, particularly in the post-pandemic era? To address this research gap, this study employs a multi-method approach. Building on a review of academic literature, it integrates critical analysis of official documents, to map the community's demographic evolution and institutional presence. This analysis is enriched by insights gathered through semi-structured interviews with relevant members of the Chinese community, including business leaders and association representatives, as well as scholars, capturing grounded perspectives on their evolving roles and strategies, to complement a document-based analysis. The interviews, conducted between February and July 2025, were carried out in Portuguese and later translated into English by the authors to ensure accessibility and accuracy.

This study is structured as follows: first, a conceptual approach to diaspora agency; second, an overview of the Chinese community in Portugal and its current composition; third, a detailed description and analysis of its principal contemporary roles in Sino-Portuguese relations; fourth, a presentation and discussion of key insights derived from the interviews; and finally, conclusions synthesizing the findings and discussing their implications for understanding diaspora diplomacy and bilateral ties.

### **Diaspora Agency: A Conceptual Approach**

Diasporas are increasingly recognized as influential agents in international relations. Far from being static entities, contemporary diasporas function as dynamic, multi-layered ecosystems that facilitate transnational engagement through entrepreneurial agency, institutional brokering, and the strategic use of geopolitical and economic platforms. In the analysis that follows, we will examine the multifaceted roles of diasporas, drawing on key concepts that underscore their impact across various dimensions.

At the micro-foundational level, diasporas demonstrate their agency through transnational entrepreneurship and network capital. Members of diasporas act as transnational entrepreneurs, leveraging their unique positionality to bridge societies and mobilize resources embedded within social networks (Brinkerhoff, 2016; Drori et al., 2009). Social capital, including culturally specific forms such as *guanxi* - relational networks rooted in reciprocity and trust - plays a critical role in enabling diaspora entrepreneurs to exploit structural opportunities, such as market gaps or policy incentives (Xin & Pearce, 1996). Portes (1998) defines social capital as resources embedded within social networks. This facilitates cross-border trade, investment flows, and market integration, underscoring their adaptability to shifting economic and policy landscapes (Drori et al., 2009).

At the meso-structural level, diasporas extend their influence through paradiplomacy and institutional brokering. Formal organizations within diasporas engage in paradiplomacy, conducting international activities that parallel or operate independently of central state



diplomacy (Kuznetsov, 2015; Lecours, 2008). Acting as institutional brokers (Saxenian, 2006), they mediate between home and host country actors, particularly at sub-national levels like municipalities and businesses. Through activities such as facilitating agreements, hosting delegations, and providing localized business intelligence, these organizations contribute to decentralized diplomacy that prioritizes tangible socio-economic outcomes (Brinkerhoff, 2016).

On the macro-structural level, diasporas amplify their impact through platform leverage and strategic intermediation. Contemporary diasporas strategically utilize institutional and spatial platforms - such as special economic zones, cultural hubs, chambers of commerce, and multi-lateral forums - to enhance their efficacy and reach (Gawer, 2014; McIntyre & Srinivasan, 2017). By integrating into platform governance structures and leveraging associated resources and incentives, they create new pathways for trade, investment, knowledge transfer, and multi-lateral cooperation. These platforms, designed to reduce transaction costs and generate network effects, serve as critical amplifiers of diaspora influence.

Underlying all these dimensions is diaspora capital, a cross-cutting resource that encompasses the unique reservoir of social, cultural, linguistic, economic, and knowledge-based assets inherent to diasporas (Cohen, 2008; Elo & Riddle, 2016). This capital enables entrepreneurial ventures, legitimizes institutional brokering, facilitates cultural transmission, and enhances the effectiveness of platform engagement.

The multi-faceted roles of diasporas, as outlined above, operate as a multi-layered transnational para-diplomatic ecosystem. This conceptual framework finds concrete illustration in the specific context of Sino-Portuguese relations, where the Chinese diaspora in Portugal represents a significant case study of diaspora agency in action.

### **A Community in Change**

The Chinese community in Portugal exhibits distinct characteristics shaped by a significant, complex historical evolution that spanned centuries, as well as entrepreneurial dynamism and continued adaptation to policy and social contexts. While often associated with modern migratory waves, the community's presence traces back remarkably far. Documented encounters began as early as the 16th century, "when three Chinese were brought to Portugal as slaves," predating the Portuguese kingdom's prohibition on the trafficking of Chinese slaves in February 1624 (Li, 2019). Subsequent centuries witnessed more specialized, albeit still limited in number, arrivals, notably in the 19th century with individuals like Lau-a-Teng and Lau-a-Pen, interpreters and masters from Macao, who were brought to São Miguel Island in the Azores to teach tea cultivation techniques (Li, 2019). While these early presences were sporadic and often involuntary or tied to specific colonial projects, they form a foundational layer of historical contact.

However, substantial growth began in the 1980s. Such migration, originating particularly from regions such as Wenzhou and initially concentrating in urban centres like Lisbon, Faro, and Porto, were characterized predominantly by male economic migrants engaging



in entrepreneurship (Gaspar, 2017; Reis de Oliveira, 2003), often driven by aspirations for prosperity, social mobility, and to fulfil filial obligations (Rodrigues, 2018). Since then, however, the migrant communities have undergone significant transformation: they have dispersed geographically across Portugal; their origins have diversified to include for example Macao, Mozambique, and various regions of mainland China; and the proportion of female has increased (Gaspar, 2017; Bongardt & Neves, 2014). Their complexity continues to increase with the emergence of a 1.5 generation (those migrating as children/adolescents) and a second generation (Gaspar, 2018).

It may be challenging to census the Chinese community in Portugal, as many immigrants have acquired Portuguese nationality over the years and have ceased to appear in foreign population statistics, and this transition complicates the process of accurately measuring the diaspora, as recent data has shown: in 2023, Portugal hosted 1,044,238 legal foreign residents (9.8% of the total population), up 34% from 2022 (PORDATA, 2024b), an increasing trend that had begun in 2015. Within these foreign residents, holders of Chinese (PRC) nationality constituted 2.5% (approximately 26,100 individuals), well below figures pertaining to more dominant communities like that of the Brazilians (28.9%) (PORDATA, 2024b). In 2022, the PORDATA reported (via Eurostat and National Statistics Institute [INE] data) 798,480 foreign residents, among whom 3.3% were Chinese nationals (about 26,400 people) (PORDATA, 2024a). In comparison, the 2021 census on Chinese nationals (excluding naturalized citizens) showed only 14,109 individuals (Instituto Nacional de Estatística, 2021). This difference suggests that demographic assessment of the Chinese community in Portugal should be conducted with caution due to the significant presence and impact of not only migratory shifts but also naturalization: as noted by PORDATA (2024a), half a million foreigners acquired Portuguese nationality between 2008 and 2022; in addition, there is statistical underrepresentation of the community, compounded by individuals' intra-European mobility and generational integration (i.e., children born in Portugal to naturalized Chinese immigrants become Portuguese citizens by birth).

The migratory streams through which the Chinese community in Portugal undergoes significant diversification reflect evolving economic ties and educational opportunities. One of the notable streams has been university students, with many of whom arriving for short-term studies (typically one to two years) before returning to China seeking employment, while some choosing to remain in Portugal for work or postgraduate studies (Li, 2019). Another stream has been major Chinese investments in strategic Portuguese sectors - such as energy (e.g., State Grid Corporation of China) and finance (e.g., Fosun, Haitong) - that have been not only driving an influx of highly skilled technical professionals and executives, but also accelerating business development in Portugal. These professionals—some sojourning only briefly while others establishing longer-term residency—often arrive alone initially, but subsequently bringing their families over via family reunification. This pattern allows spouses to support business activities and children to access the Portuguese education system. These children who immigrate during their formative years (the so-called "1.5 generation") often exhibit "a higher level of education and better economic conditions" compared to earlier waves of migrants (Li,



2019). They therefore represent a significant evolution in the community's socioeconomic profile and integration trajectory.

A defining characteristic of the Chinese community in Portugal is the exceptionally high rate of entrepreneurship among Chinese immigrants in Portugal, the highest among all immigrant groups (Oliveira, 2010; Reis Oliveira, 2021). This entrepreneurial drive is attributed primarily to structural factors - notably access to capital, supportive legal and policy frameworks, and dense co-ethnic networks - rather than cultural factors alone (Reis de Oliveira, 2003; Reis Oliveira, 2021). Chinese business strategies rely heavily on *guanxi* (Personal networks), family labour, transnational connections linking Portugal to China and broader European markets, and sometimes engagement in the informal economy (Bongardt & Neves, 2007; Reis de Oliveira, 2003; Góis et al., 2005). Chinese entrepreneurs have proven highly adaptive and proficient at leveraging shifting opportunity structures within Portugal, and proactively engaging with the global economy, including China's "Go Global" policy (Oliveira, 2010; Bongardt & Neves, 2014; Neves & Rocha-Trindade, 2008).

Major policy shifts have reconfigured the community's profile. Changes to immigration laws following the 2008/09 economic crisis and the introduction of Portugal's Golden Visa program (ARI) have significantly altered migration patterns (Bongardt & Neves, 2014; Amante & Rodrigues, 2020; Santos et al., 2023). The Golden Visa, in particular, has attracted a new wave of affluent investors, distinct from earlier labour migrants. One study reported that 46.1% of Chinese residents in Lisbon hold ARI status or belong to ARI holder families (Amante & Rodrigues, 2020). This has led to increased internal heterogeneity, a dualistic community structure (contrasting small traditional businesses with large-scale investors), rising socio-economic inequality, greater internationalization, and potentially less community cohesion (Bongardt & Neves, 2014; Santos et al., 2023).

Choi Hin Man, a prominent businessman and president of the Luso-Chinese Merchants and Industrialists Association, highlighted the economic diversification beyond traditional sectors:

*The Chinese community in Portugal has diversified its economic activities over the years. Besides traditional sectors such as retail (convenience stores, restaurants, and import/export), there is growth in areas such as technology, tourism, real estate, and financial services (Personal communication, February 2025).*

This shift has been influenced by policy changes, particularly the Golden Visa program. Dinis Ka Chon Chan, a Macao-born legal expert and president of the Macao Students Association in Porto, noted that recent restrictions on Golden Visas (limiting real estate purchases in dense urban areas) have redirected investments to other regions or sectors, such as renewable energy, agriculture, and start-ups, but bureaucratic hurdles at the Agency for Integration, Migration and Asylum (AIMA, a government body responsible for managing migration and asylum processes) have created uncertainty, leading some investors to choose other countries (Personal communication, February 2025).



Zheng Zhibin, director of the Chinese Community Support Centre in Lisbon, confirmed the emergence of new economic activities such as real estate agencies and construction, but highlighted those bureaucratic delays are a major deterrent for new migrants:

*I think it's more difficult to attract Chinese people to live here nowadays because the system at AIMA is very slow. Even for those who want to buy a house or invest in something, the process is extremely slow, and they can't get the [residence] card. Everything is very slow, and they can't handle their affairs, so they go to other countries and compare Portugal with other countries. If there are places where the system is faster and where buying or investing is more economical, the Chinese choose to go there, but they continue to invest here. Portugal functions as an intermediate zone because even if they want to go to other countries, it's not as easy to obtain nationality there. This is the same situation for Indians, Pakistanis, and Nepalese (Personal communication, February 2025).*

The community's structure has become more heterogeneous, with Wang Suoying, a prominent Chinese teacher who has been living in Portugal for several decades and is the president of the Portuguese Association of Friends of Chinese Culture, noting diversification in restaurant offerings (e.g., Korean and Japanese cuisine) and the rise of tech-related businesses:

*Many fruit shops and grocery stores have emerged. We have Korean and Japanese restaurants owned by Chinese people. There is diversification in the restaurant sector, as well as with grocery stores. Chinese companies have been established by emigrants, and currently, there are two main types: we have large investment companies like China Three Gorges, and other companies created by Chinese people who have ventured into other areas (Personal communication, February 2025).*

Y Ping Chow, president of the League of Chinese in Portugal and the Portugal-China SME Chamber of Commerce, emphasized the strategic push into technology and traditional Chinese medicine (TCM), which represents a new phase of economic activities:

*At the moment, we are trying to develop growth in the area of new technologies, because last year the Zhuhai Science and New Technologies Centre appointed our Chamber of Commerce [CCPC-PME] as its point of contact in Portugal. The idea is to develop activities in the field of technology and encourage Portuguese companies to invest in Zhuhai. In this sense, we are pursuing a new type of investment in the sciences and technology sector. Businesses in traditional Chinese medicine (TCM) are also developing, and we will try to promote the idea of advancing TCM (Personal communication, February 2025).*



Integration challenges persist, particularly for new families. Helena Yuan Dong, founder of the CLAN Association for Youth Cultural and Educational Innovation, stressed language barriers and the struggle to maintain cultural identity associated with immigrants who are in the process of integrating into their new community: "We have to force [our children] to open their minds to learn a new language, which is difficult for us... We must maintain our nature" (Personal communication, February 2025). On the other hand, Maria Fernanda Ilhéu, president of the Friends of the New Silk Road Association and a professor with extensive experience in Macao, described the community as increasingly integrated yet maintaining its identity, and observes that the community "has modernized, gained value, and evolved towards other types of activities [...] the children born here are engineers, architects, lawyers, and doctors" (Personal communication, February 2025).

The outcome of such integration can be strongly influenced by age of arrival and proficiency of the Portuguese language - early arrival and language acquisition facilitate better educational outcomes, healthcare access, and social integration, while language barriers are a major obstacle in these areas and are linked to higher early school dropout rates (Gaspar, 2018; Aparício et al., 2023; Gaspar et al., 2021; Oliveira et al., 2007). The 1.5 generation generally integrates more successfully than their parents, though involvement in family businesses can hinder educational and social integration for younger members (Gaspar, 2018; Jin & Gómez-Pellón, 2023). In addition, co-ethnic networks are vital for economic integration, job acquisition, and social support, especially where language barriers persist but strong transnational ties are maintained (Oliveira, 2003a; Marques et al., 2005). Acculturation involves complex negotiations, with traditional beliefs and practices often persisting alongside adaptation, leading to intergenerational acculturation gaps and conflicts (Jin & Gómez-Pellón, 2023). This complexity is also reflected in areas like the ambivalent cultural identity expressed by subgroups like the Macanese diaspora (Gaspar et al., 2021).

The Chinese business community in Portugal plays a significant and multifaceted role in facilitating relations between China and Portugal, particularly within the context of economic globalization and EU-China ties. Seminal research by Bongardt and Neves (2007) and Neves and Rocha-Trindade (2008) provides a detailed analysis of this community's characteristics, dynamics, and strategic functions. A core function identified by both studies is trade and economic facilitation. Bongardt and Neves (2007) have documented the community's dominance within Portugal's service sector, especially in retail and wholesale trade, and found that the community acts as a key channel for Chinese exports into Portugal and, by extension, the broader European Union market (Bongardt & Neves, 2007). Moreover, the community serves as a conduit for foreign direct investment (FDI), channeling capital flows back to China (Bongardt & Neves, 2007). Neves and Rocha-Trindade (2008) corroborate this notion, emphasizing the community's position as catalysts for economic flows and as vital entry points for Chinese goods into the Portuguese market, as well as its role in mobilizing investment into China (Neves & Rocha-Trindade, 2008). Both studies concur that these economic activities are fundamental to strengthening bilateral economic relations between China and Portugal (Bongardt & Neves, 2007; Neves & Rocha-Trindade, 2008).



Central to the community's business operations are network dynamics. Bongardt and Neves (2007) highlight the critical importance of *guanxi* (personal and business relationship) networks. These intricate networks, extending within Europe, enable the community to leverage advantages of the European single market, consolidate their competitive position, and facilitate cross-border business activities (Bongardt & Neves, 2007). Neves and Rocha-Trindade (2008) similarly underscore the significance of these business networks, describing the community as a significant link bridging Portugal and China (Neves & Rocha-Trindade, 2008). Both studies emphasize that formal and informal networks are instrumental in supporting business operations and facilitating market integration (Bongardt & Neves, 2007; Neves & Rocha-Trindade, 2008).

Beyond economics, both studies recognize the community's function in institutional and cultural bridging. While Bongardt and Neves (2007) acknowledge this bridging role, Neves and Rocha-Trindade (2008) provide a more explicit analysis of its institutional and cultural dimensions. They describe the community as acting as "institutional brokers" and agents of "para-diplomacy" (decentralized diplomacy) for Chinese provincial and local governments, facilitating sub-national connections (Neves & Rocha-Trindade, 2008). Additionally, the community serves as a source of valuable "economic intelligence," providing insights on business opportunities, market characteristics, and local business culture to Chinese authorities (Neves & Rocha-Trindade, 2008). Both studies also note the community's contribution to cultural transmission, aiding in the dissemination of Chinese culture within Portugal (Bongardt & Neves, 2007; Neves & Rocha-Trindade, 2008).

In sum, previous research by Bongardt and Neves (2007) and Neves and Rocha-Trindade (2008) demonstrates that the Chinese business community in Portugal is a dynamic actor that facilitates trade and investment flows, leverages powerful networks for market advantage, and performs vital institutional and cultural bridging functions, significantly strengthening the economic and diplomatic ties between Portugal (and the EU) and China.

### **Institutional Framework**

The preceding analysis of the Chinese community's historical trajectory and contemporary profile underscores not only its demographic and socioeconomic transformation but also its increasing complexity and scope of activity. This evolution has facilitated the development of more structured mechanisms for collective action and representation. Consequently, the community's agency as a diplomatic actor, operating independently or alongside state channels - often termed *para-diplomacy* - is significantly mediated through its formal institutions.

This section therefore examines the institutional framework, focusing specifically on the Liga dos Chineses em Portugal (LCP), the Câmara de Comércio e Indústria Luso-Chinesa para Pequenas e Médias Empresas (CCPC-PME), and the Portugal-Hong Kong Chamber of Commerce and Industry (PHKCCI). It analyzes how these key organizations translate



the community's evolving presence and capabilities into concrete para-diplomatic activities, influencing the dynamics of Sino-Portuguese relations.

The Liga dos Chineses em Portugal is a non-governmental organization (NGO) that represents the Chinese community residing in Portugal. Established on June 20, 1991 and officially founded in 1997, its primary mission is to promote the integration of the Chinese community into Portuguese society while fostering dialogue and cultural exchange between the two communities. As a recognized representative at the High Commission for Migration, the Liga plays a vital role in strengthening bilateral relations between Portugal and China. It facilitates business opportunities, supports the internationalization of Portuguese companies entering the Chinese market, and serves as an intermediary in commercial partnerships. Additionally, the Liga organizes cultural events such as Chinese New Year celebrations, and collaborates with municipalities to establish partnerships that highlight Chinese traditions in Portugal. Through its extensive network, the organization continues to build bridges between the two nations, ensuring cultural dissemination, business collaboration, and community integration.

The Câmara de Comércio Portugal-China Pequenas e Médias Empresas (CCPC-PME) is a specialized bilateral trade association dedicated to fostering and supporting commercial relations specifically between Portuguese and Chinese small and medium-sized enterprises (SMEs). Headquartered in Lisbon, its core mission is to act as a vital bridge, facilitating market entry, promoting networking opportunities, and providing tailored services to help SMEs from both Portugal and China navigate the complexities of cross-border trade. The chamber offers practical support such as market intelligence, business matchmaking, trade missions, and advisory services, all aimed at creating mutually beneficial partnerships and enhancing the visibility and success of its SME members within the dynamic Portugal-China economic corridor. It serves as a crucial platform for smaller businesses seeking to engage effectively in this important bilateral relationship.

Maria Fernanda Ilhéu emphasized these associations' function as cultural and economic bridges and not political propaganda: "What these associations do [is] nothing political: they organize parties, lunches, dinners, and receive people from China"; they serve as "emissaries" for Chinese provincial authorities, helping organize visits and promote economic opportunities (Personal communication, February 2025). Y Ping Chow reinforced this non-ideological stance: "We do not do propaganda for Beijing. What we want is to promote Chinese culture and develop relations with China" (Personal communication, February 2025). In this regard, Choi Hin Man observes: "The Chinese community plays an indirect diplomatic role, facilitating dialogue between the two countries" (Personal communication, February 2025). Rather than engaging in ideological advocacy, the community focuses on creating opportunities for cooperation. The associations also provide vital support for cultural events and business networking. Wang Suoying added that the associations distribute gifts from Chinese provincial governments during festivals and help coordinate visits by Chinese delegations, which focus on economic promotion rather than political messaging (Personal communication, February 2025).



The para-diplomatic activities of the Liga dos Chineses em Portugal and CCPC-PME involve extensive subnational cooperation, as evidenced by these key initiatives:

1. **Municipal cooperation agreements:** CCPC-PME facilitated the signing of a memorandum of understanding for friendly cooperation between Nan'an, Fujian (China) and Maia (Portugal). This agreement aims to strengthen economic, trade, and cultural ties, leveraging Maia's strategic position as a gateway to Europe. The ceremony involved municipal officials and association representatives (Câmara de Comércio Portugal-China PME, 2021).
2. **Provincial delegation exchanges:** A delegation from Hunan Province (China) visited Portugal, on invitation by the Liga dos Chineses, to study the diaspora and promote economic cooperation. This included meetings with diaspora associations, visits to Chinese businesses in Vila do Conde, and support for establishing a Hunan Natives Association in Portugal (Câmara de Comércio Portugal-China PME, 2021). Similarly, a delegation from Henan Province (China) visited the CCPC-PME and met with Vila Nova de Gaia officials to discuss cooperation in trade, culture, agriculture, and tourism (Câmara de Comércio Portugal-China PME, 2021).
3. **City-specific industrial and tech partnerships:** An official delegation from Zhongshan (China) visited Alenquer Municipality and signed a cooperation protocol with CCPC-PME (represented by Y Ping Chow) and Zhongshan's Science and Technology Department. This focused on bio-pharmaceuticals and health industries (Câmara de Comércio Portugal-China PME, 2025b). In addition, Changchun (China), a major industrial hub, visited Porto and signed a cooperation agreement with the Instituto Superior de Engenharia do Porto (ISEP), which focuses on automotive innovation (especially EVs) and cultural exchanges like *wushu* promotion (Câmara de Comércio Portugal-China PME, 2021).
4. **Business association linkages:** CCPC-PME met with the Wuxi SME Association (China) to explore new international cooperation paradigms, emphasizing technological innovation, renewable energy, and finance (Câmara de Comércio Portugal-China PME, 2025b). They also visited Tianjin to discuss cold chain logistics projects and mineral imports (Câmara de Comércio Portugal-China PME, 2021), and explored energy storage opportunities in Xiamen (Câmara de Comércio Portugal-China PME, 2021).
5. **Platform development in strategic zones:** CCPC-PME played a key role in delegations visiting the GMDCZH, promoting its role as a platform for CPLP countries. This included meetings with the Macao Chief Executive and signing agreements to establish representative offices like the Centro de Cooperação e Intercâmbio de Ciência e Tecnologia China-PLP Delegação no Porto (Câmara de Comércio Portugal-China PME, 2021; Câmara de Comércio Portugal-China PME, 2021).
6. **Cultural and creative city diplomacy:** CCPC-PME hosted a delegation from Yangzhou (China), a UNESCO Creative City (Gastronomy), during the UCCN Annual Conference in Braga, discussing cultural exchange and investment opportunities (Câmara de Comércio Portugal-China PME, 2021).



7. Institutional partnerships: CCPC-PME signed a cooperation agreement with the Escola Superior de Hotelaria e Turismo do Porto (ESHT) to facilitate market entry for CPLP products in Hengqin/Macao/China and support Macao's tourism hub development (Câmara de Comércio Portugal-China PME, 2021). They also established the Associação de Cooperação Amigável para PME in Qinhuangdao, Hebei (China) to support SME internationalization (Câmara de Comércio Portugal-China PME, 2021).
8. Political/diplomatic support: The Liga dos Chineses em Portugal actively engages in supporting the political-diplomatic positions of the People's Republic of China and its Special Administrative Regions, demonstrating its role as a key representative body for the diaspora. This involvement includes organizing events addressing core national interests such as Taiwan policy and Macao's governance. In 2022, the League coordinated a significant protest outside the U.S. Embassy in Lisbon opposing then-U.S. House Speaker Nancy Pelosi's visit to Taiwan. During this event, League President Y Ping Chow articulated its purpose to *Hoje Macau*: "We just want to show Americans it's not worth provoking war in the Pacific because we Chinese are a peaceful people, and this is how we want to solve problems" (*Hoje Macau*, 2022). Furthermore, the League has publicly endorsed political processes within Macao, notably backing Ho Iat Seng's 2019 candidacy for Chief Executive. Chow emphasized this support, stating: "The Chinese League, as most members are from Zhejiang, gives its support and would like to promote his [Ho Iat Seng's] visit to the country. His election can benefit relations between the Government and Chinese residents in Portugal, and can also bring great benefits to the community" (*Hoje Macau*, 2019). These actions highlight the League's function in mobilizing overseas Chinese support for Beijing's strategic objectives and regional leadership aligned with its interests.

These activities demonstrate that the Liga dos Chineses and CCPC-PME serve as crucial intermediaries, facilitating direct engagement between Chinese provinces/municipalities and Portuguese subnational entities. Their focus spans economic cooperation (e.g., industrial parks, electric vehicles, health technology, energy storage), trade promotion, cultural exchange, and educational partnerships. While these para-diplomatic efforts significantly strengthen the people-to-people and economic ties underpinning Portugal-China relations, political advocacy appears notably sporadic and non-prioritized within their agendas. As noted by Maria Fernanda Ilhéu (Personal communication, February 2023), both organizations remain predominantly oriented toward economic cooperation objectives.

Ilhéu emphasizes that the political stance of Portuguese businesspeople or associations is largely irrelevant to the Chinese when doing business: "For the Chinese, culture isn't politics. It's the way the rules of coexistence are navigated. If you tell me that some associations might have someone involved in politics behind the scenes, yes. But what these associations do has nothing political about it: they organize parties, lunches, dinners, welcome people coming from China to Portugal." She further clarifies:



*There might be an idea that the Chinese want us to be communists, but to begin with, they themselves aren't communists anymore. They respect the Chinese Communist Party, which is completely different from being communist. Secondly, they couldn't care less about what we Portuguese are politically. I've told them many times that I am a member of the PSD [Social Democratic Party] and have nothing to do with communism. I've said this directly to several people. They react the same way; this information means nothing to them. What matters is the relationship with me, what we agree on, and what we are going to do. In their country, they want to belong to the party to succeed in life. Here, they are very far from promoting communism.*

While the LCP and CCPC-PME exemplify the community's established institutional agency within Portugal, a significant evolution in its bridging function has emerged in recent years, driven by political and economic shifts at the macro-level. This evolution centres on strategically leveraging Macao's unique historical and institutional position and the accelerated development of the GMDCZH as platforms to facilitate Sino-Portuguese relations. This new role is fundamentally a result of China's intensified focus on integrating Macao into its national development strategy - particularly the Greater Bay Area initiative and Macao's positioning as a Commercial and Trade Cooperation Service Platform between China and Portuguese-speaking countries - alongside the creation of the Hengqin zone in 2021 to foster deeper economic integration and diversification. Consequently, the next section examines how the Chinese community in Portugal, often working through or alongside its institutions, actively utilizes these specialized platforms to create novel pathways for trade, investment, and diplomatic engagement between Portugal and China.

Another entity emerging in Portugal-China economic relations is the Portugal-Hong Kong Chamber of Commerce and Industry (PHKCCI). Established in 2019, this private non-profit organization facilitates bilateral trade, business relations, and cultural-academic exchanges between Portugal and the Hong Kong Special Administrative Region (PHKCCI, n.d.). It has actively promoted high-level meetings between Hong Kong executives and Portuguese entrepreneurs, exemplified by its July 3, 2025 Lisbon summit co-organized with the Hong Kong Economic and Trade Office in Brussels, Guangdong-Hong Kong-Macao Greater Bay Area Development Office, and Hong Kong SAR government. The event featured Winnie Ho (Hong Kong Secretary for Housing) and Maisie Chan (Commissioner for Greater Bay Area Development). As co-founder Bernardo Mendia emphasized, the summit aimed at "building stronger connections between Portugal and Hong Kong" and showcasing the "immense potential for international collaboration" in the Greater Bay Area (Personal communication, July 2025).

Hong Kong has strategically engaged Portugal to advance its economic agenda, including Innovation Secretary Sun Dong's March 2025 visit to "explore business opportunities" through meetings with Portuguese political, business, and technology leaders (Hoje Macau, 2025a). This follows earlier diplomatic efforts like the June 2024 appeal by Hong Kong's Secretary for Financial Services to remove Hong Kong from the EU tax haven list,



citing compliance with European guidelines (Público, 2024).

Beyond the entities mentioned above, it is important to note other associations founded by the Chinese community in Portugal that also engage in organizing economic cooperation events. Examples include the Associação de Comerciantes e Industriais Luso-Chinesa em Portugal (Luso-Chinese Association of Merchants and Industrialists in Portugal) and the Associação de Empresas Chinesas em Portugal (Association of Chinese Companies in Portugal). The Associação de Sociedades Chinesas em Portugal (Association of Chinese Societies in Portugal) was also founded in 2016 (Forum Macao, 2016).

The year 2025 was marked, moreover, by the organization of a large-scale commercial event in Lisbon on September 19th, which brought 22 Chinese companies to the Portuguese capital. The initiative, held at the Lisbon Congress Centre, was organized by some entities mentioned in this study and aimed to “present Macao’s business environment and the advantages of the service platform” for commercial cooperation between China and Portuguese-speaking countries. The session also served to analyze “Portugal’s investment and business environment” (Hoje Macau, 2025b).

Returning to the testimony of Maria Fernanda Ilhéu, the economist noted that as early as 2023, there were already more associations due to the growth of the Chinese community in Portugal. She also observed entities linked to sectors less typical in Portugal-China relations, such as tourism:

*Yes [there are more associations], but that’s normal, because there are also more Chinese people. It’s understood that people should associate for various reasons. [...] This community’s mindset is well-intentioned, and its role is cultural and economic. I mentioned the lady [Lily Yang, CEO of GREATOPUS International Travel Service] who organized the president of Dalian’s trip to Portugal. She is a businesswoman who even goes unnoticed in Portugal, but runs a large tourism company. She brings Chinese tourists to Portugal from various parts of the world - Singapore, Canada, Australia, Taiwan, and also from mainland China. She lives in Portugal (Personal communication, February 2025).*

### **Leveraging Macao, Hengqin and the Lusophone Space**

Macao’s historical function as a Lusophone bridge is formally recognized under China’s “one country, two systems” framework. As President of CCPC-PME Y Ping Chow acknowledged: “Macao has done a good job in these relations” (Observador, 2023). However, Chow critically noted that the outcomes have fallen short of the potential: “Although Forum Macao was created [...] in my opinion, much more could be done” (Observador, 2023). This assessment underscores the need for enhanced implementation of Macao’s diplomatic mandate.

Hengqin complements Macao by providing physical space and policy frameworks for commercial and technological collaboration. The strategic use of Macao and GMDCZH has enhanced the diaspora’s role in Sino-Portuguese relations. In 2024, CCPC-PME was formally designated a “Global Investment Partner” by the Guangdong-Macao In-Depth



Cooperation Zone in Hengqin (CCPC-PME, 2024e). This role involves promoting Hengqin's institutional advantages to attract foreign investment in technology, traditional Chinese medicine (TCM), and cultural tourism (CCPC-PME, 2024e). Chow positions Hengqin most crucially as "the gateway for companies from Portuguese-speaking countries" in China, a role that capitalizes on its integration with the Greater Bay Area market (CCPC-PME, 2024g).

#### Collaborative Mechanisms

1. Tech innovation: A September 2024 agreement established a Hengqin liaison office between CCPC-PME and the China-Portuguese Speaking Countries Sci-Tech Exchange Center, formalized during the Guangzhou-Zhuhai-Macao Innovation Corridor roundtable (CCPC-PME, 2024f). This facilitates scientific exchange, talent development, and industrial application across Lusophone markets.
2. Digital talent: CCPC-PME brokered a tripartite agreement (April 2024) between Macao University of Science and Technology's Faculty of Humanities and Arts, Portugal's Yacooba Labs, and itself to export Portuguese digital talent (Web3, blockchain, gaming) to Asian markets (CCPC-PME, 2024h).
3. SME integration: CCPC-PME established seven consultancies in Hengqin representing CPLP nations (e.g., Brazil, Angola) to guide businesses entering China while aiding Chinese enterprises in Lusophone markets (CCPC-PME, 2024g).

CCPC-PME explicitly connects these hubs: It serves as a "link between Portuguese-speaking countries through Portugal, to connect with Macao and even with mainland China" (Silva, 2023). Policy tailwinds, like Hengqin's 25 measures supporting CPLP cooperation (e.g., tax incentives, innovation funding), further enable this ecosystem (CCPC-PME, 2024c). The focus sectors include TCM - where Chow envisions integrated management platforms linking Portuguese clinics with Hengqin institutions - and tech-driven exhibitions (CCPC-PME, 2024g).

In sum, Macao provides cultural and diplomatic capital, while Hengqin offers scalable economic infrastructure. Chinese community institutions like CCPC-PME operationalize this synergy, transforming geographic advantages into tangible scientific, entrepreneurial, and investment cooperation between Portugal, China, and the broader Lusophone world.

Y Ping Chow has spearheaded initiatives to establish trilateral commercial structures. A key development was the formal creation of the first Portugal-Guinea-Bissau-China chamber of commerce in Lisbon on April 14, 2023 (Silva, 2023). Chow views Portugal as a strategic platform for expanding these connections, explicitly stating the ambition to create similar chambers with other Portuguese-speaking countries: "Beyond Guinea-Bissau, the goal is to 'try to create Portugal-Angola-China and so on'" (Silva, 2023). He emphasized the CCPC-PME's unique position to leverage existing relationships, noting that Lusophone African countries "have a good relationship with China" and that the chamber could "link between Portuguese-speaking countries through Portugal, to connect with Macao and even with mainland China" (Silva, 2023). While acknowledging Macao's



official role in engaging the Community of Portuguese Language Countries (CPLP), Chow suggested that diaspora-led initiatives could enhance outcomes beyond current frameworks like Forum Macao.

The perspective from Lusophone partners underscores the initiative's value. Carlos Ramos, chairman of the installation committee for the new China-Portugal-Guinea-Bissau chamber, described it as "an excellent initiative" for leveraging CPLP connections to boost private sector engagement (Silva, 2023). He highlighted Guinea-Bissau's development needs and export potential (e.g., cashew nuts), stressing that "What we need to give the country a greater boost is this connection with Chinese and Portuguese companies, so that we can elevate ourselves and acquire the 'know-how'" (Silva, 2023). This illustrates how the Chinese community's institutional efforts address concrete economic demands while strengthening multilateral ties.

Building on the analysis of institutional para-diplomacy and strategic platform leverage, the following section demonstrates concrete applications of the Chinese diaspora's bridging role within two rapidly evolving and strategically significant sectors: healthcare and education. Focusing on traditional Chinese medicine (TCM) and education, it examines how diaspora institutions, exemplified by the Câmara de Comércio Portugal-China PME (CCPC-PME), actively facilitate their integration, development, and modernization within Portugal.

### **Pioneering New Frontiers: Wellness, Knowledge and Media**

CCPC-PME has been instrumental in advancing the integration of traditional Chinese medicine (TCM) into the Portuguese context through strategic partnerships and institutional support. A significant milestone was the inauguration of the Plataforma Hospital Medicina China (Chinese Medicine Hospital Platform) in Porto on February 15, 2025. This innovative project aims to consolidate TCM within the Portuguese healthcare system. Crucially, CCPC-PME is a founding member of this platform (Hospital Medicina China, 2025). The platform represents a major step in integrating millennia-old health practices into Portugal, promising lasting community benefits and opening new avenues for Sino-Portuguese collaboration in health and wellness (Hospital Medicina China, 2025; Câmara de Comércio Portugal-China PME, 2021). Institutional backing, highlighted by a message of support from the rector of the Wuhan University of Chinese Medicine, underscores the transnational academic and professional networks facilitating this integration (Hospital Medicina China, 2025).

Building on this foundation, CCPC-PME actively facilitated technological innovation in TCM. On March 7, 2025, a memorandum of understanding (MoU) was signed in Porto between Chi-násio—Hospital Medicina China (the Porto-based TCM research, diagnosis, and treatment platform) and China Hengqin Herbizon Health Technology (a company founded by a research team from the Macao University of Science and Technology). This signing occurred with the collaboration of CCPC-PME (Câmara de Comércio Portugal-China PME, 2021), and the agreement establishes a basis for cooperation in introducing an innovative, artificial intelligence-based technology for TCM into Portugal and Europe.



The primary objective is to enable the implementation of the Herbizon Traditional Chinese Medicine Robot, which aims to modernize TCM practices (Câmara de Comércio Portugal-China PME, 2021). This partnership, fostered with CCPC-PME's involvement, signifies a substantial advancement in merging technological innovation with traditional knowledge. It actively promotes the evolution and modernization of TCM within the European framework, positioning Portugal as a potential leader in this integration (Câmara de Comércio Portugal-China PME, 2021).

Complementing its role in advancing TCM, the Chinese diaspora in Portugal also plays a crucial part in fostering deeper bilateral relations through strategic investments in education and human capital development. A significant manifestation of this commitment occurred on June 16, 2025, in northern Portugal. Facilitated by local Chinese community associations and prominently amplified by CCPC-PME, this development underscores the diaspora's institutional capacity to mobilize resources and CCPC-PME's dual function as both a key communicator and enabler of impactful community initiatives. In a move described as historic by CCPC-PME (2025b), the Chinese community resident in northern Portugal formally assumed control of the Fundação Luso Internacional para a Educação e Cultura na Zona Norte (Luso International Foundation for Education and Culture in the Northern Zone). This transition involved the election of a new management group led by local Chinese associations, with Y Ping Chow elected as President of the board of directors (Câmara de Comércio Portugal-China PME, 2021). The new leadership immediately announced a major initiative - the launch of an international trilingual school (Portuguese, English, and Mandarin) to be established in Porto. This educational project is a direct response to the growing demand for multilingual education within the community and the wider region. Its core objectives, as reported by CCPC-PME (2021), are to:

1. Enhance educational quality through a rigorous international curriculum;
2. Strengthen cultural identity, particularly for young Luso-Chinese individuals, by formally integrating Mandarin and Chinese cultural elements;
3. Promote the integration of Luso-Chinese youth into Portuguese society while maintaining their heritage.

The project enjoys broad-based support, encompassing local community leaders, the Confucius Institute at the University of Aveiro, and several Chinese language schools (Câmara de Comércio Portugal-China PME, 2021). This network of support underscores the project's significance and roots in the collaborative efforts between the diaspora community and established educational and cultural institutions fostering China-Portugal links. The new leadership of the Foundation has committed itself to reinforcing service to the community specifically through the pillars of education, culture, and civic participation (Câmara de Comércio Portugal-China PME, 2021). The establishment of the trilingual school represents a concrete manifestation of this commitment.



China's growing investment footprint in Portugal extends beyond traditional sectors into the media, serving strategic soft power objectives. This engagement manifests through three key initiatives:

- Community-centric media: The 2019 launch of Ni Hao Portugal—a Lisbon-based multimedia platform co-founded by Y Ping Chow (President of the Chinese League in Portugal) and journalist Rogério Bueno de Matos—aimed to dismantle stereotypes about Portugal's Chinese community. As Matos stated, "Starting from the idea that we like what we know and distrust what we don't know, I saw an editorial opportunity and social need to introduce the Chinese community to the Portuguese" (Hoje Macau, 2019). The project combined a digital portal with television programming focused on business, cultural exchange, and diaspora life, seeking to foster mutual understanding within Portugal before expanding to other Lusophone markets.
- Local media acquisition: Earlier Chinese entry into Portuguese media began with the 2015 acquisition of Iris FM (a regional radio station in Samora Correia) by entrepreneur Liang Zhan. This purchase, initially met with community concerns about relocation to Lisbon, evolved into a platform amplifying China-Portugal narratives. Iris FM now features contents such as 30 representatives of Chinese-language media from 18 countries going on a Tibet reporting tour, where they witness the remarkable achievements of the new era on the snow-covered plateau and record vivid practices of rural revitalization (Iris FM, 2025).
- Institutional platform building: The most significant development emerged in May 2025 when Guangdong's state-backed Nanfang Media Group (owner of GD Today and Iris FM) launched the "Greater Bay Area Chinese-Portuguese Media Content Platform" in Lisbon. This initiative explicitly seeks to "reinforce media cooperation and facilitate cultural content exchange between China and Portuguese-speaking countries" while leveraging AI for digital dissemination (Hoje Macau, 2025a). Nanfang Media Group chairman Liu Qiyu framed it as enhancing "civilizational dialogue," which coincides with the 500th anniversary of China-Europe diplomatic relations and the 20th year of China-Portugal strategic partnership.

These investments reveal an evolution from *community representation* (Ni Hao Portugal) to *narrative influence* (Iris FM) and finally *institutional bridge-building* (Nanfang's platform). Together, they seem to reflect a calibrated approach to shaping Portugal's media landscape through cultural diplomacy and strategic content partnerships.

### **Eyes on the Future: Pathways and Challenges**

Economic diversification remains central to the diaspora's future strategy. Y Ping Chow outlines ambitious plans to establish startup investment funds and technology collaboration platforms, emphasizing that "[they] are creating a fund to support tech ventures and developing new scientific partnerships" (Personal communication, February 2025). The community's role as mediators remains indispensable. Dinis Ka Chon Chan highlights Portugal's strategic importance: "What makes Portugal attractive to China is



the political perspective... Portugal is seen as a friendly country or good mediator” (Personal communication, February 2025). Maria Fernanda Ilhéu echoes this: “Portugal is seen as a friendly country or good mediator, and it is interesting for China.”

Despite progress, challenges remain. Language barriers and bureaucratic inefficiencies hinder integration. As Dinis Chan observes, “Those who already have the Golden Visa remain in Portugal, but [...] they do not speak the language. They are people who need a lot of security, and making a high-risk investment is not an option for them” (Personal communication, February 2025). He also notes bureaucratic delays: “The slowness of the processes creates difficulties for people who want to come to Portugal (...) many lose confidence in the system” (Personal communication, February 2025). Additionally, Y Ping Chow expresses concern about generational engagement: “The second generation or third [generation] no longer participates as much in the work of Chinese associations. Perhaps because they are too integrated into the Portuguese community” (Personal communication, February 2025).

These concerns align with findings from Li’s (2019) survey of 43 Chinese immigrants in Portugal, predominantly from Zhejiang (76.74%), with 48.84% arriving between ages 13–17 (1.5-generation). The study reveals paradoxical identity patterns:

- Limited cultural knowledge: 81.4% reported only “knowing a little” about Chinese history and traditions, while just 13.95% claimed deep cultural understanding, leading to the conclusion that “most respondents lack comprehensive knowledge of Chinese culture” (Li, 2019, p. 34).
- Strong cultural affiliation: Despite knowledge gaps, 72.09% identified “more” with Chinese culture, and 60.47% primarily socialized with Chinese friends (vs. 32.56% with multicultural friend groups).

The study attributes this to parental emphasis on cultural education, noting that “the vast majority of 1.5-generation immigrants still maintain a Chinese cultural identity” while pursuing integration into Portuguese society (Li, 2019, p. 37). However, their cultural connection often remains superficial - maintained through contact with relatives in China, Chinese media consumption, and ethnic social circles - with most retaining “the same level of knowledge about Chinese culture they had when they immigrated” (Li, 2019, p. 41). This creates identity ambiguities, where some “remain confused about their cultural identity,” while only a minority fully adopts a Portuguese identity.

Collectively navigating historical transitions, socioeconomic integration challenges, and evolving geopolitical dynamics, the Chinese community in Portugal demonstrates remarkable resilience and adaptability. As Maria Fernanda Ilhéu concludes, “The community has a very positive energy” (Personal communication, February 2025). Their ability to navigate challenges while fostering economic and cultural ties positions them as a vital asset in Sino-Portuguese relations.



## Conclusion

This study set out to answer the central research question: How has the Chinese community in Portugal evolved, and what roles does it play in shaping contemporary Sino-Portuguese relations, particularly in the post-pandemic era? The findings reveal a community transformed from historical intermediaries into a sophisticated, multi-layered transnational para-diplomatic ecosystem. This ecosystem operates through three interconnected dimensions, validating the proposed conceptual framework of diaspora agency:

1. **Foundation:** Individual transnational entrepreneurs remain at the core of this ecosystem, leveraging *guanxi* (relational networks) and transnational ties to facilitate trade, investment, and market integration. Their adaptability, particularly in response to shifting global economic conditions, underscores their foundational role in Sino-Portuguese relations.
2. **Structure:** Institutions such as the Liga dos Chineses em Portugal (LCP), the Câmara de Comércio Portugal-China PME (CCPC-PME) and the Portugal–Hong Kong Chamber of Commerce and Industry (PHKCCI) normalize the diaspora’s agency as para-diplomatic brokers. These organizations mediate between Portuguese and Chinese stakeholders, creating frameworks for cooperation through trade missions, municipal agreements, and cultural exchanges.
3. **Amplification:** The community strategically leverages state-created platforms such as Macao’s Lusophone bridge and the Guangdong-Macao In-Depth Cooperation Zone in Hengqin. These state-backed platforms amplify the diaspora’s reach, reduce friction in international collaborations, and foster new pathways for trilateral partnerships, including initiatives in technology, traditional Chinese medicine, among others.

At the heart of this ecosystem lies diaspora capital, a resource that drives critical flows across multiple domains:

- **Economic:** Investments in technology and startups.
- **Knowledge:** AI-driven innovations in traditional Chinese medicine and other sectors.
- **Cultural:** Trilingual education initiatives aimed at preserving heritage and fostering integration.
- **Institutional:** Subnational agreements and collaborations that strengthen bilateral ties.

In the post-pandemic era, the Chinese community in Portugal has not only demonstrated resilience but has adapted to new realities with innovative economic activities, sophisticated initiatives, and dynamic forms of relationship-building. More than resilient intermediaries, the Chinese community has emerged as architects of relational infrastructure—building bridges where formal diplomacy faces headwinds, creating new spaces where the two countries converge through entrepreneurship rather than



diplomatic channels, and proving that diaspora capital can transform geographic proximity into geopolitical agency. In an era of strategic competition, this self-reinforcing ecosystem offers a template for how transnational communities sustain cooperation beneath - and beyond - the state.

This same dynamism and adaptability to new social and economic realities are confirmed by economist Maria Fernanda Ilhéu (Personal communication, February 2023), who observed: "The Chinese community, in general, has a positive characteristic: the speed with which it adjusts to the surrounding environment. If the rules of the game change, they don't dwell on rules that no longer exist; they look at what they can do with them."

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## **SYNERGISTIC DYNAMICS OF SINO-PORTUGUESE PARTNERSHIP POLICIES: IMPLICATIONS FOR ECONOMIC AND CULTURAL COOPERATION**

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### **Abstract**

This study examines the synergistic effects of Sino-Portuguese economic cooperation and cultural engagement from 2003 to 2024, with particular attention to the role of “guanxi” as a relational framework. Drawing on qualitative analysis, the study explores how state-level diplomacy and people-to-people exchanges have jointly fostered trust, reciprocity, and long-term commitment. Evidence from state visits, cultural diplomacy programs, and educational exchanges demonstrates how economic cooperation provides material foundations for cultural engagement, while cultural exchange reduces communication barriers, fosters loyalty, and enhances resilience in bilateral relations. The findings highlight that economic and cultural cooperation do not operate in isolation but reinforce one another, generating outcomes greater than the sum of their parts. By situating Portugal as a functional power and China as a global actor, this research contributes to theoretical debates on relational international relations and offers practical insights into how cultural capital and economic collaboration can jointly shape sustainable partnerships.

### **Keywords**

Portugal, China, Macao, Guanxi, Synergy Effects, Cultural Diplomacy.



## Resumo

Este estudo analisa os efeitos sinérgicos da cooperação económica e do envolvimento cultural sino português entre 2003 e 2024, com particular atenção ao papel do guanxi enquanto enquadramento relacional. Com base numa análise qualitativa, o estudo explora de que forma a diplomacia estatal e as interações interpessoais têm conjuntamente promovido confiança, reciprocidade e compromisso de longo prazo. As evidências recolhidas - incluindo visitas de Estado, programas de diplomacia cultural e intercâmbios educativos - demonstram que a cooperação económica fornece as bases materiais para o envolvimento cultural, enquanto a troca cultural reduz barreiras de comunicação, fomenta lealdade e reforça a resiliência das relações bilaterais. Os resultados mostram que a cooperação económica e a cooperação cultural não operam de forma isolada, mas se reforçam mutuamente, gerando impactos superiores à soma das suas partes. Ao posicionar Portugal como um poder funcional e a China como um ator global, esta investigação contribui para os debates teóricos sobre relações internacionais relacionais e oferece contributos práticos sobre como o capital cultural e a colaboração económica podem, em conjunto, moldar parcerias sustentáveis.

## Palavras-chave

Portugal, China, Macau, Guanxi, Efeitos de sinergia, Diplomacia Cultural.

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## **SYNERGISTIC DYNAMICS OF SINO-PORTUGUESE PARTNERSHIP POLICIES: IMPLICATIONS FOR ECONOMIC AND CULTURAL COOPERATION<sup>1</sup>**

**YINKANGNI WANG**

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### **Introduction**

The synergistic effects of Sino-Portuguese economic relations on bilateral trade and cultural cooperation have grown increasingly significant in the context of globalization and international diplomacy. As China exerts its influence through the Belt and Road Initiative (BRI), its relationship with Portugal exemplifies a compelling model of collaboration between a rising economic power and a traditional European partner. The historical ties between these two nations, particularly through Macao, facilitate a unique platform for cultural exchange, where economic interactions enhance cultural understanding and bilateral cooperation.

China's BRI has positioned Portugal as a strategic gateway to Europe, facilitating infrastructure investments and cultural diplomacy initiatives. Leandro (2023) notes that Sino-Portuguese relations have evolved over the last five decades, significantly accelerating following the BRI's introduction in 2013. This relationship is characterized by increased investments in infrastructure and shared cultural projects, fostering a robust dialogue that strengthens ties in various domains, including education and cultural exchanges (Leandro, 2023). Portugal's strategic location in Europe and its membership in the European Union (EU) make it an attractive partner for China, which views Portugal as a gateway to the broader European market (Leandro & Duarte, 2020). Sino-Portuguese relations have deepened significantly since 2013, with Chinese investments in Portuguese energy, finance, and infrastructure sectors exceeding €2.8 billion by 2021 (Ministry of Foreign Affairs of the People's Republic of China, 2022). Concurrently, cultural programs, such as Confucius Institutes in Portugal and Portuguese language centers in China, have fostered people-to-people ties, enhancing mutual trust and institutional collaboration. These dynamics align with Bourdieu's (1986) theory of cultural capital,

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which posits that non-financial assets like education and social networks amplify economic productivity. Similarly, Throsby (2001) posits that cultural industries are distinctive in generating both economic value and cultural value, the latter encompassing aspects like intangible heritage preservation.

The topic of the “*guanxi*” in **Sino-Portuguese** cooperation is an important starting point, especially in the context of globalization, the exchange and integration of cultures of different countries are becoming more and more frequent. In cross-cultural negotiations, “*guanxi*” can facilitate smoother interactions by creating a foundation of trust and mutual understanding (Chen & Chen, 2004). Furthermore, in the realm of international relations, the concept of “functional power” has emerged as a significant area of study, examining how power operates in specific functions and issue - areas. Functional power operates through social relations and institutions, enabling actors to shape their circumstances without resorting to force (Barnett & Duvall, 2005). This concept is crucial for understanding how global governance is achieved and how states navigate complex international issues. Portugal has emerged as functional power in international relations by leveraging its historical legacy, cultural influence, and strategic partnerships.

Moreover, the significance of cultural diplomacy as a component of international relations cannot be understated. The Portuguese-speaking community further amplifies these interactions, positioning Portugal as a gateway for China into Europe while enhancing cultural cohesion among Lusophone countries (Johnson, 2020). This multilayered interaction emphasizes the importance of understanding the correlation effects of cultural cooperation on economic ties as both nations navigate an increasingly interconnected global landscape.

The relationship between China and Portugal has evolved significantly over the past decades, with cultural engagement playing a crucial role in shaping economic interactions. The research period from 2003 to 2024 is particularly significant due to China's growing influence in Portuguese-speaking countries and the establishment of strategic partnerships aimed at fostering economic collaboration (Leandro, 2025).

Methodologically, this study adopts a qualitative approach, building on frameworks from “*guanxi*” theory, this research contributes to both theoretical and practical understandings of international cooperation by addressing the underexplored synergistic effects between cultural exchange and economic collaboration in the Sino-Portuguese context. This study seeks to examine the interplay between economic and cultural factors in the Sino-Portuguese relationship, addressing the following research question: What are the synergistic effects of Sino-Portuguese cooperation on economic and culture in both regions? By analysing existing literature and empirical data like policy documents, this research aims to contribute to a deeper understanding of how “*guanxi*” shapes international relations and how “*guanxi*” create the synergistic effects of economic and cultural dynamics.



## 2. Literature Review

### 2.1 Correlation of Economic Cooperation and Cultural Exchange

The correlation between culture and economy is rooted in classical sociological theories. Max Weber (2017) posited those cultural values, such as the Protestant work ethic, catalysed capitalist development by promoting thrift and industriousness. This perspective was later expanded by institutional economists like Douglass North (1990), who argued that informal cultural norms complement formal institutions in shaping economic behaviour. Contemporary studies operationalize culture through dimensions such as trust, individualism, and social capital, which are theorized to influence economic productivity and innovation. The bidirectional relationship between culture and economy complicates causal inference. While trust fosters economic cooperation (Lorenz, 1999), economic stability can also enhance societal trust. Trommsdorff (2009) define culture as intergenerationally transmitted values and beliefs, and this may affect economic decisions, such as investment and entrepreneurship (Guiso et. al, 2006).

Cultural capital, understood as non-financial assets such as education, traditions, and social networks, has been widely recognized as a driver of economic productivity. Throsby (2001) argues that cultural industries, including the arts and heritage tourism, generate significant economic value while simultaneously safeguarding intangible cultural heritage. Empirical evidence supports this claim; for instance, UNESCO's designation of World Heritage Sites often correlates with increased tourism revenue and local employment opportunities (Canale et al., 2019). Similarly, Florida's (2011) "creative class" theory posits that cultural diversity within urban environments fosters economic innovation, suggesting that tolerant and culturally vibrant cities attract talent and stimulate entrepreneurial activity. These perspectives underscore the interdependence between cultural assets and economic development, highlighting the strategic importance of cultural capital in shaping sustainable growth and competitiveness in a globalized economy.

Regional studies within single nations mitigate endogeneity issues prevalent in cross-country analyses. For example, in China, Confucian values emphasizing relational networks (*guanxi*) correlate with enhanced trust in business transactions but also with favouritism that distorts market efficiency (Yang & Wang, 2011). Similarly, Greece's cultural heritage-driven tourism illustrates how localized cultural assets can directly stimulate economic sectors (Kostakis & Lolos, 2024).

Globalization has intensified interactions between economic markets and cultural exchange. Guillén (2001) argues that multinational corporations (MNCs) leverage cultural hybridization, blending local and global practices, to enhance market penetration. For instance, McDonald's adapts menus to regional tastes, merging economic efficiency with cultural sensitivity (Ali & Santos, 2025). Such strategies illustrate "glocalization," where global brands achieve synergies by respecting local norms (Ritzer, 2003). Conversely, Rodrik (2011) warns that rapid economic globalization can destabilize cultural identities, sparking resistance movements (such as anti-WTO protests). These tensions underscore the fragility of economic-cultural linkage when power imbalances persist.



## 2.2 Functional power

### 2.2.1 The Evolution of Power Concepts and Functional Power

Traditional power concepts in international relations often revolved around military and economic might, commonly referred to as hard power (Morgenthau, 1948). However, as the international system became more complex, scholars began to investigate other dimensions of power. Functional power is closely associated with functionalism, a theoretical approach that emphasizes cooperation and problem-solving in international relations. David Mitrany (1948), a pioneer of functionalism, argued that international cooperation in technical and non-political areas could foster peace and integration. This idea has evolved into the concept of functional power, which refers to a situational attribute or capability that enables a state to assume a power-related role or influence in international affairs that exceeds expectations based on its conventional capabilities (Leandro, 2025). Unlike traditional classifications of comparative power status - such as measuring military or economic might - functional power is not a hierarchical ranking of sovereign actors. Instead, it describes a context-dependent capacity, often associated with smaller states, to shape or disrupt international systems through strategic partnerships with major powers or other actors (Leandro, 2025). It operates by shaping the capacities of actors to address shared challenges, often through technical, economic, or social collaboration rather than direct political or military force (Imber, 2020).

### 2.2.2 Portugal as a Functional Actor in International Relations

Portugal's deep historical and linguistic ties with Lusophone countries in Africa, Asia, and South America have positioned it as a mediator and advocate for these regions in international forums. This role has been institutionalized through the creation of the Community of Portuguese Language Countries (CPLP) in 1996, which Portugal helped establish to strengthen cooperation among Lusophone nations. By leveraging its EU membership and cultural capital, Portugal has consistently promoted the interests of Lusophone partners in multilateral settings such as the United Nations, the European Union, and Ibero-American Summits (Duarte et al., 2023; Mormul, 2020). These relationships have allowed Portugal to act as a mediator between Europe and the Global South, leveraging its historical ties to promote development and cooperation.

Portugal's rich history and cultural heritage have served as a foundation for its cultural power. Portuguese language and culture have spread globally, particularly in Portuguese-speaking countries. In the economic realm, Portugal has been actively involved in international trade and economic partnerships. Portugal has a diverse economy with key sectors such as tourism, agriculture, and manufacturing. Its strategic location in the Atlantic has made it an important hub for maritime trade (Medeiros, 2024). Additionally, Portugal's membership in the European Union has provided it with access to a large market and opportunities for economic cooperation. Portugal's role in regional and global initiatives has also been a subject of study. In the context of the Belt and Road Initiative, Leandro & Li (2025) discusses how Portugal has engaged with China's BRI, particularly in areas such as infrastructure development and port cooperation. This cooperation has



not only brought economic benefits but has also increased Portugal's geopolitical significance. Moreover, Portugal's participation in international organizations like the United Nations has allowed it to contribute to global discussions on issues such as climate change and sustainable development.

Portugal has emerged as a functional power in international relations by leveraging its historical legacy, cultural influence, and strategic partnerships. In contemporary times, Portugal's membership in the European Union (EU) and NATO has further enhanced its role in shaping international policies, particularly in areas such as maritime security, transatlantic relations, and development cooperation. As a member of the European Union (EU) and the Community of Portuguese Language Countries (CPLP), Portugal plays a significant role in promoting regional cooperation and cultural diplomacy. The CPLP has been an important platform for promoting cultural cooperation and enhancing Portugal's influence in regions such as Africa, Latin America, and Asia. Beyond that, its commitment to multilateralism and participation in international organizations, such as the United Nations and NATO, underscores its influence in global governance. By fostering economic ties and advocating for sustainable development, Portugal enhances its soft power and contributes to global stability.

## 2.3 "Guanxi"

### 2.3.1 Definition of "Guanxi"

Interpersonal relationship (guanxi) is one of the major dynamics of Chinese society. Guanxi is a Chinese word that can be translated as "relationship" or "connection", and it plays an important role in Chinese society, economy and culture. Guanxi is often defined as a system of social networks and relationships that facilitate mutual benefits and obligations (Chen & Chen, 2004). It is characterized by trust, reciprocity, and long-term commitment. According to Park and Luo (2001), guanxi operates on both personal and organizational levels, influencing decision-making processes and resource allocation in Chinese businesses, emphasizing that guanxi is not merely a transactional relationship but a deeply rooted cultural practice that fosters loyalty and cooperation. The Guanxi network is characterized by iterative obligations that structure social and professional relationships, rather than serving as channels through which influence flows directly (Qin, 2009). Historically, Guanxi has demonstrated remarkable adaptability, evolving from its roots in imperial China to its contemporary relevance in the era of market reforms. In the present context, relational logic continues to shape patterns of action, influencing how individuals and organizations pursue their objectives. To achieve these goals effectively, actors must engage in global affairs proactively, decisively, and responsibly. Such engagement, however, should not be undertaken blindly; it requires careful consideration of the broader macro-level dynamics of international interaction. Whether in bilateral or multilateral settings, the specific circumstances and interests of all parties involved must be considered to ensure constructive and sustainable outcomes.



### 2.3.2 “Guanxi” in China

*Guanxi* (关系), a foundational concept in Chinese social and business interactions, is characterized by reciprocal obligations (*bao*), relational trust (*xinyong*), and the preservation of social dignity (*mianzi*). China's "guanxi" culture is embodied in various social and business activities, such as entrepreneurs' private social capital, academic network, workplace relationship circle, e-buying and sales relationship, gift exchange relationship, innovation and export ability of enterprises, and voting behaviour. It is in this setting that *xinyong* (trustworthiness) - the reputation for meeting one's obligations to others gains its significance as "the most valuable asset" in the transactional web of *guanxi*. The heuristics of *guanxi* suggests that changes in material capabilities themselves reveal patterns in world affairs only when assessed in the context of interactions. However, the ethical implications of *guanxi* have also been debated, as it can sometimes lead to favouritism or corruption (Luo, 2008). Barbalet (2017) examined "guanxi" in China as a form of gift exchange from the perspective of social exchange theory and explored the key role of social emotions in exchange, and how informal relations in China can be understood as "guanxi" as an information institution, thereby expanding the scope of the concept of informal institutions and enriching our understanding of relationships. Collectively, the Chinese "guanxi" culture and its nuanced manifestations in various social and business activities is enhancing the understanding of this unique social and cultural fabric of China (Bian, 2018).

### 2.3.3 The Role of “Guanxi” in People-to-people Exchange

Social rules are human constructions, yet these very rules reciprocally shape and constitute human behaviour and identity (Onuf, 1989). This dialectical relationship highlights how everyday interactions, including informal exchanges, construct and reinforce social orders. People to people exchange (P2PE) is broadly defined as "direct interpersonal engagement that transcends formal state-led diplomacy" (Cull, 2008). People-to-people exchange (P2PE), such as educational programs or diaspora networks, function as "rules-generating communities" that transcend state-centric diplomacy. It encompasses activities such as educational exchanges, cultural festivals, tourism, and professional collaborations. P2PE can be situated within the framework of *soft power*, where grassroots interactions can build transnational networks of influence that complement traditional statecraft (Nye, 2004). Bhandari et al. (2011) notes that P2PE like student mobility cultivate global citizenship by exposing participants to diverse perspectives, reducing stereotypes, and fostering intercultural competence. In P2PE diplomacy, *guanxi* enables informal trust-building.

### 2.3.4 How “Guanxi” Works in International Relations?

In the field of international relations, *guanxi* functions as a culturally embedded framework that shapes the strategic behaviour of Chinese leaders and diplomats in foreign policy-making. Unlike dominant Western paradigms, which tend to emphasize formal institutions, codified norms, and legally binding agreements, *guanxi* prioritizes



informal networks, trust-based interactions, and relational diplomacy as central mechanisms for achieving political objectives (Qin, 2018). This relational approach underscores the significance of personal ties and reciprocal obligations in sustaining long-term cooperation, thereby offering an alternative lens for understanding China's engagement in global governance and bilateral negotiations. The application of *guanxi* in diplomacy has been particularly evident in China's foreign policy. For instance, China's engagement with African nations has often relied on building strong personal relationships with local leaders, fostering trust and cooperation (Brautigam, 2009). Similarly, "guanxi" has played a role in China's bilateral relations with neighbouring countries, such as Vietnam and South Korea, where historical and cultural ties are leveraged to strengthen political and economic partnerships (Womack, 2006). These practices highlight how "guanxi" serves as a tool for soft power and influence in international relations. While *guanxi* offers strategic advantages, it also presents challenges in the context of international relations. Critics argue that reliance on informal networks can undermine transparency and accountability, potentially leading to corruption or favoritism (Su & Littlefield, 2001). Additionally, the cultural specificity of "guanxi" may limit its applicability in global settings, where diverse norms and practices coexist (Fan, 2002). These challenges underscore the need for a nuanced understanding of "guanxi" in international relations.

## 2.4 Multiculturalism

Multiculturalism, as both a policy framework and sociocultural reality, has been extensively debated across disciplines. It broadly refers to the recognition and accommodation of cultural diversity within a society. Multicultural citizenship supports minority rights, enabling cultural preservation and exchange within liberal democracies (Kymlicka, 2012). It fosters intercultural dialogue, which is essential for meaningful cultural exchange. Modood (2017) highlights how multicultural policies legitimize cultural pluralism, creating spaces for communities to share traditions and values. Vertovec (2007) introduces the concept of "super-diversity," noting that complex migration patterns enrich cultural landscapes and stimulate exchange. Also, multicultural policies can enhance civic engagement and intercultural interaction, particularly when supported by inclusive institutions (Ramakrishnan & Bloemraad, 2008).

Recent studies underscore the practical impact of multiculturalism on cultural exchange. In contemporary settings, multiculturalism continues to serve as a catalyst for cultural exchange, particularly in educational and international contexts (Zalli, 2024). Zapata-Barrero (2017) argues that interculturalism, as an evolution of multiculturalism, emphasizes proactive engagement and reciprocal learning. Together, these perspectives reveal that multiculturalism not only accommodates diversity but actively cultivates cultural exchange. By legitimizing diverse identities and encouraging interaction, multicultural frameworks contribute to global empathy, innovation, and cooperation.



**Table 1. What is “Guanxi”?**

<b>Table 1. What is “Guanxi”?</b>	
<b>Term</b>	<b>Guanxi</b>
<b>Short definition</b>	A network of long-term, reciprocal, trust-based social relations
<b>Core elements</b>	Trust; reciprocity; mianzi (face); long-term commitment
<b>Mechanisms</b>	Gift exchange; mutual aid; information sharing; repeated interaction
<b>Levels</b>	Individual; organizational; state
<b>Economic functions</b>	Reduces information asymmetry; lowers transaction costs
<b>Diplomatic functions</b>	Builds interpersonal trust; facilitates institutional platforms
<b>Observable indicators</b>	Number of high-level visits; cultural projects; investment flows
<b>Research measures</b>	Survey trust scores; counts of exchanges; process-tracing of events
<b>Risks</b>	Favouritism; reduced transparency; corruption vulnerability
<b>Policy implication</b>	Institutionalize exchanges; increase transparency; strengthen oversight
<b>Practical example</b>	Macau as a cultural and commercial bridge between China and Portugal
Source: Authors	

### 3. Methodology

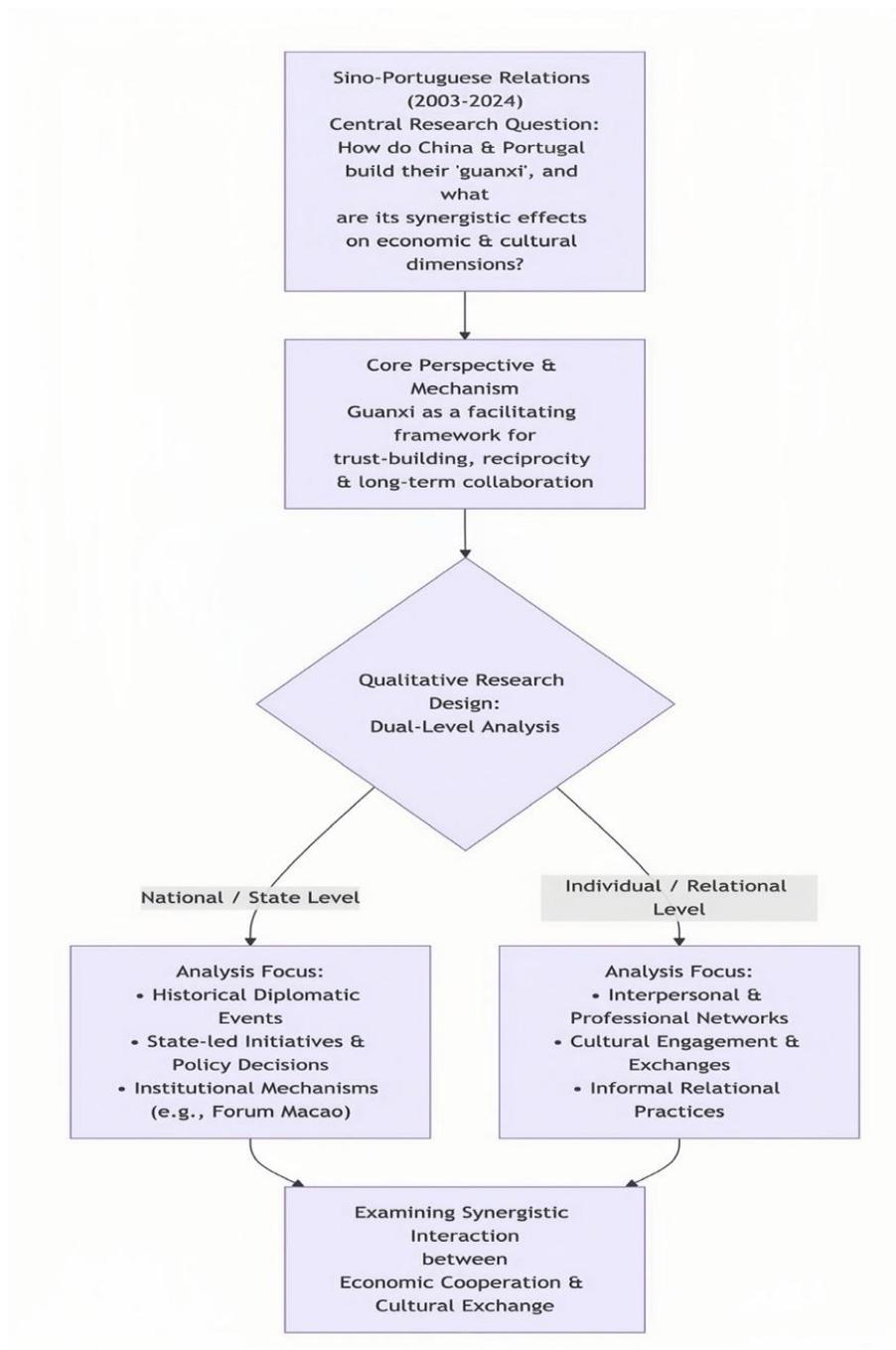
This study examines the interplay between cultural engagement and economic cooperation in Sino-Portuguese relations, guided by the central research question: How do China and Portugal build their “guanxi,” and under a guanxi-based perspective, what are the synergistic effects of this relationship on economic and cultural dimensions? Employing a qualitative research design, the study examines how relational practices influence bilateral cooperation, focusing on the period from 2003 to 2024. By analysing cultural dynamics alongside economic initiatives, the research seeks to uncover the extent to which guanxi operates as a facilitating mechanism for trust-building, reciprocity, and long-term collaboration. Empirical evidence is drawn from two interlocking data streams. First, official policy documents of understanding and strategic plans published by Chinese and Portuguese authorities, Forum Macao, and CPLP provide the institutional record and formal commitments that structure bilateral interaction. Second, annual trade and economic statistics compiled from international trade databases and national statistical releases are used descriptively to situate qualitative inferences within a time-series of bilateral flows and to identify temporal inflection points for further investigation. This approach provides a nuanced understanding of how informal relational frameworks complement formal agreements, shaping the trajectory of Sino-Portuguese engagement in both economic and cultural spheres.

The research framework for this study is illustrated in Figure 1. Adopting a dual-level perspective - national and individual - this study investigates how historical diplomatic events and policy decisions have shaped the development of guanxi between China and Portugal. It further examines how this long-term relational framework influences the synergistic interaction between economic cooperation and cultural exchange. At the national level, the analysis focuses on state-led initiatives, bilateral agreements, and



institutional mechanisms that foster trust and reciprocity. At the individual level, attention is given to interpersonal networks, professional ties, and cultural engagements that sustain and deepen bilateral relations. This integrated approach provides a comprehensive understanding of how *guanxi* operates as both a structural and relational force, shaping the dynamics of Sino-Portuguese collaboration across economic and cultural domains.

**Figure 1. Theoretical Framework**



Source: Authors



The study acknowledges limitations inherent to qualitative, case-based research, including constraints on generalizability, potential reporting asymmetries in official statistics, and limited access to confidential commercial decision records; these limitations are addressed by explicitly delimiting inference boundaries, using process tracing to strengthen correlational claims, and recommending future quantitative tests to assess the generalizability of the mechanisms identified.

## 4. The Synergistic Effects of Economy and Culture and the "Guanxi" Theory

### 4.1 Building "Guanxi" from State-to-state Level

The Sino-Portuguese state visits from 2005 to 2024 (Table 1) reflects a deliberate and sustained cultivation of guanxi. Each visit served not only as a formal engagement but also as a symbolic reaffirmation of mutual respect, continuity, and emotional resonance (qing) between the two nations. Portuguese President Jorge Sampaio's 2005 visit to China laid the groundwork for deeper political trust, while President Hu Jintao's 2010 visit to Portugal demonstrated China's support during the European debt crisis, embodying the principle of reciprocity (bao). The 2014 visit by President Cavaco Silva to China reinforced cultural and educational ties, expanding the interpersonal networks essential to guanxi. President Xi Jinping's 2018 visit to Portugal marked a strategic milestone, with the signing of the Belt and Road Initiative memorandum - Portugal becoming the first Western European country to do so - signalling long-term commitment and shared vision. In 2019, President Marcelo Rebelo de Sousa's visit to China further deepened relational trust through cultural diplomacy and economic cooperation. Most recently, the 2024 meeting in Lisbon between the Chairman of China's National People's Congress Standing Committee and President Rebelo de Sousa reaffirmed institutional alignment and legislative dialogue, extending guanxi beyond executive diplomacy into parliamentary channels. Collectively, these visits illustrate how guanxi is built through repeated, high-level interactions that blend formal agreements with symbolic gestures, fostering a resilient and multidimensional Sino-Portuguese partnership.

**Table 2. Key Sino-Portuguese State Visits**

Year	Event
2005	Portuguese President Jorge Sampaio visits China
2010	Chinese President Hu Jintao visits Portugal
2014	Portuguese President Aníbal Cavaco Silva visits China
2018	Chinese President Xi Jinping visits Portugal
2019	Portuguese President Marcelo Rebelo de Sousa visits China
2024	Chairman of China's National People's Congress Standing Committee, meets with Portuguese President Marcelo Rebelo de Sousa in Lisbon, Portugal

Source: Authors

The evolution of Sino-Portugal relations from 2003 to 2024 demonstrates a sophisticated cultivation of "guanxi" that transcends mere diplomatic formalism (Table 2), building instead a multi-level relational architecture anchored by Macao's unique role as a



sanctioned platform for trilateral engagement. This process was initiated with the strategic establishment of the Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries (Forum Macao) in 2003, which institutionalized a permanent channel for interaction that blends state and non-state actors. The relationship was subsequently elevated to a Comprehensive Strategic Partnership in 2005, a move that signalled deep political trust (*xinren*) and created a framework for sustained high-level engagement, which was critically reinforced by Portugal's pivotal decision to become the first Western European nation to sign a Belt and Road Initiative Memorandum of Understanding in 2018. Through a series of deliberate state visits and the fostering of sub-national diplomacy, particularly leveraging Macao's historical and cultural capital as a bridge, the two states have effectively constructed a resilient network that facilitates not only economic and political cooperation but also deep people-to-people exchanges, thereby transforming a historical bilateral connection into a dynamic and multifaceted partnership capable of navigating the complexities of contemporary geopolitics.

**Table 3. Key Sino-Portuguese Diplomatic Policy and Major Events**

Year	Event
2003	Establishment of The Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao)
2005	Comprehensive Strategic Partnership
2016	Macao serves as the "one base, one platform, and one centre"
2017	Portugal and China have maintained a "blue partnership" aimed at reinforcing collaboration in maritime and commercial projects
2018	Portugal formally joined China's Belt and Road Initiative
2024	Strategic Plan for Economic and Trade Cooperation (2024-2027)
2024	China-Portuguese Speaking Countries Economic and Trade Expo (Macao)

Source: Authors

As an international cooperation mechanism, the establishment of The Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries (Macao) (Forum Macao) was originally intended to promote institutionalized cooperation between China and Portuguese-speaking countries in economic, trade, and investment fields, providing valuable experience and ideas for the institutionalization of the "Belt and Road Initiative". The construction of the Forum Macao was a successful example of the "far distant and close integration" strategy of the Macao Special Administrative Region, which not only supported the moderate diversification of Macao's economy but also made it an important component of the platform for economic cooperation between China and Portuguese-speaking countries, promoting equal and mutually beneficial economic exchanges and cooperation.

During this period, the operational mechanism of the Forum Macao gradually improved. Through regular ministerial meetings, entrepreneur conferences, and professional training activities, it provided a platform for exchanges and dialogues among government officials, business leaders, and experts from various countries. The core of these early policies and events was to build a multilateral cooperation framework, with Macao as the pivot, radiating throughout the Portuguese-speaking community, thereby injecting new



vitality into the bilateral cooperation between China and Portugal. The establishment of the Forum Macao itself reflected China's policy intention to establish a long-term and stable partnership with Portuguese-speaking countries, especially Portugal. This institutionalized cooperation mechanism laid the foundation for deeper economic and cultural interactions and began to cultivate a "guanxi" network based on a common platform and common interests. Especially the cooperation in response to the COVID-19 pandemic, further demonstrated the resilience and value of this "relationship" in times of crisis, through joint responses to challenges, further consolidating mutual trust and cooperation intentions (Verly-Miguel, 2024). The proposal of the BRI in 2013 brought unprecedented development opportunities for the China-Portuguese partnership, marking the entry of the bilateral cooperation into a new strategic stage. Portugal, as an important gateway connecting the Atlantic and Africa, its strategic geographical location makes it a key node of the 21st Century Maritime Silk Road (Leandro, 2023). Portugal views the "Belt and Road Initiative" as an important opportunity to enhance its diplomatic relations and its economic position within the European Union.

Under the framework of the "Belt and Road Initiative", the economic cooperation between China and Portugal has shown a significant growth trend. Chinese investment in key sectors of Portugal has increased significantly, covering energy, finance, infrastructure, and other fields. China seeks economic benefits and builds organized global geopolitical influence through providing global public goods and stable bilateral relations. This indicates that China's investment in Portugal is not merely a commercial act, but has deeper strategic considerations, aiming to build a more stable bilateral "relationship" through economic cooperation.

**Table 4. Major Events and its Impact**

<b>Events</b>	<b>Objective</b>	<b>The "Guanxi" Strategy</b>	<b>Results</b>
Forum Macao (Since 2003)	Promote economic and trade cooperation between China and Portuguese-speaking countries	Institutionalized dialogue, multilateral platforms, common interests	Trade and investment facilitation, strengthened role of the Macao as platform, and crisis cooperation
The Belt and Road Initiative (Since 2013)	Global interconnection, infrastructure construction, and strategic cooperation	Long-term investment, strategic partnership, and geopolitical influence	Energy financial investment, expansion of the digital economy, and deepening of strategic mutual trust
The Macao One Platform Strategy	Connecting China with Portuguese-speaking countries and promoting economic diversification	Cultural affinity, historical ties, and central government support	Cultural exchange hub, tourism and leisure centre, and regional economic pivot
The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Policy	Regional integration and innovative development	Regional institutional cooperation, resource sharing, and coordinated development	The international influence of Macao has increased, its economy has become more diversified, and the innovation ecosystem has been optimized.

Source: Authors



During this period, the strengthening of the platform role of Macao, the emergence of digital economy cooperation, the deepening of cultural and educational cooperation, and the integrated development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) collectively formed the multi-dimensional paths for the deepening of the "relationship" between China and Portugal. In terms of culture and education, the "Third Forum of the World Sinology Research Society" held by the University of Macao and the Portuguese language cultural policies all highlighted the importance of cultural exchange in the construction of the "relationship" (Feng & Ye, 2020). Moreover, the integrated development of the GBA enhanced Macao's regional status and international influence, enabling it to play a more significant role in building a broader "guanxi" network (Tang et al., 2024).

However, the economic and cultural cooperation promoted by the China-Portugal partnership policy is not developed in isolation; instead, it presents a complex interaction mechanism that jointly constitutes a profound synergy effect (Table 3). This synergy effect enables the overall benefits of the bilateral relationship to exceed the sum of the benefits of each part, embodying the core idea of the "guanxi", that is, through interaction and coordination among the components, an overall effect beyond the simple addition of individual parts can be generated.

#### 4.2 Building "Guanxi" from People-to-people Level

China and Portugal have systematically built people-to-people "guanxi" through targeted educational and cultural exchanges that leverage historical ties and create lasting interpersonal connections (Table 4). Multiculturalism converts discrete people-to-people activities into a durable mechanism for building guanxi by legitimizing plural identities, structuring repeated intercultural contact, and institutionalizing reciprocity. By hosting large-scale cultural and festival events, including traditional music and dance performances, film festivals and art exhibitions, Macao has been transformed into a vibrant living room for cultural exchanges between China and Portugal. Since 2018, the Macao Special Administrative Region Government has successfully held the "Meet in Macao - China-Portugal Cultural and Art Festival" consecutively<sup>2</sup>. Beyond Macao, these exchanges extend to mainland Portugal through events like the "Cultural Market in the Candlelight", which featured Chinese calligraphy and dragon dances, and the "China Day" at the Lisbon International Handicraft Fair, making Chinese culture increasingly accessible to the Portuguese public<sup>3</sup>. The educational bridge is fortified by Portugal's active recruitment of Chinese students, with five major Portuguese universities presenting their programs at the China Education Expo to establish formal academic

<sup>2</sup> Liu, Z. Y. (2025, May). 中国式现代化与澳门经济发展—澳门在国家新发展格局中的战略定位与发展策略 [Chinese-style modernization and Macao's economic development— Strategic positioning and development strategies in the national new development pattern]. 澳門經濟學會. Retrieved from <https://www.macaueconomy.org/downloads/research/%E3%80%8A%E4%B8%AD%E5%9C%8B%E5%BC%8F%E7%8F%BE%E4%BB%A3%E5%8C%96%E8%88%87%E6%BE%B3%E9%96%80%E7%B6%93%E6%BF%9F%E7%99%BC%E5%B1%95%E3%80%8B.pdf>

<sup>3</sup> Xinhua. (2017, July 11). Xi calls for building strong army through reform. Xinhua News Agency. Retrieved from [http://www.xinhuanet.com/english/2017-07/11/c\\_136433308.htm](http://www.xinhuanet.com/english/2017-07/11/c_136433308.htm)



protocols, complementing the network of Confucius Institutes in Portugal that popularize Chinese language studies<sup>4</sup>. Similarly, the Confucius Institute at the University of Porto - established in partnership with Guangdong University of Foreign Studies - serves as a key platform for promoting linguistic and cultural exchange through Chinese language instruction and cultural workshops, thereby reinforcing an educational bridge between the two countries. Complementing these efforts are targeted student mobility programs designed for Chinese undergraduates specializing in Portuguese studies.

<b>Table 5. People-to-people Exchange</b>	
<b>Mechanism</b>	<b>Event</b>
Educational & Language Institutions	Five Confucius Institutes in Portugal (such as the University of Lisbon, University of Coimbra); Portuguese language programs in mainland Chinese universities.
Immersive Cultural Programs	Summer camps in China for Portuguese youth (such as the Instituto Confúcio at the University of Porto); programs include language practice, calligraphy, and visits to historical sites.
Historical & Social Integration	Centuries of Sino-Portuguese intermarriage and cultural blending in Macao, creating a distinct Macanese community and shared cultural relics
Cultural festivals	"Encounter in Macao" festival, Macao Arts Festival, Festival do Oriente (Lisbon).

Source: Authors

Concurrently, tourism initiatives such as Portugal's pavilion at the ITB China fair, supported by high-level diplomatic engagement, aim to stimulate human mobility, with an ambitious target of attracting 500,000 Chinese tourists annually by 2026<sup>5</sup>. Between the mid-2010s and 2019, Portugal experienced steady growth in international visitors and a notable increase in Chinese tourists. Official reporting cited a 16% rise in Chinese guests in 2019, at a time when Portugal recorded a record 27 million total visitors that year, signalling China's emergence as an important source market (FM, 2020).

The pandemic produced the expected collapse in cross-border travel in 2020, but the recovery trajectory since 2022 has been strong globally and especially pronounced for China after the lifting of strict travel restrictions: Chinese outbound departures surged in 2023, with government figures showing tens of millions of departures in the first half of that year alone (Irwin-Hunt, 2023), reflecting a rapid normalization of outbound demand. Portugal's tourism statistics reflect an increasingly ambitious strategy to leverage the sector's post-pandemic recovery. In the first quarter of 2024 alone, the country recorded 57,740 visitors from China, and authorities have since articulated targets of attracting 500,000 Chinese tourists and generating one million overnight stays by 2026 - demonstrating a concerted policy effort to strengthen bilateral tourism flows (Portugal Global, 2024).

<sup>4</sup> Embassy of Portugal in Beijing. (2025). China Education Expo 2025. Retrieved from <https://pequim.embaixadaportugal.mne.gov.pt/en/the-embassy/news/china-education-expo-2025>

<sup>5</sup> Jing Daily. (2024, October 18). From heritage to luxury: Porto's bid for Chinese tourism. Retrieved from <https://jingdaily.com/posts/from-heritage-to-luxury-porto-s-bid-for-chinese-tourism>



The tourism rebound both reflects and reinforces closer Sino-Portuguese relations because sustained people-to-people exchange builds familiarity, business networks, and cultural ties that lower transaction costs for trade and investment and create constituencies in both countries that favour deeper cooperation. In short, the tourism statistics and official ambitions from 2015 through 2024 provide empirical evidence that interpersonal connectivity is recovering and expanding, and that tourism is an active channel through which Sino-Portuguese relations are becoming more tightly integrated.

In addition, student mobility is not merely a flow of people; it is a mechanism for building interpersonal networks that underpin *guanxi* when framed by multiculturalist institutional practices. Chinese student presence in Portugal grew substantially in the 2010s, rising from about 1,839 Chinese students in 2010/2011 to 4,053 in 2018/2019 (a +54.4% increase), with notable growth in higher-education and postgraduate enrolments (Ni Hao Portugal, 2019); these mobility flows create repeated, institutionalized contacts that multicultural policies can convert into durable *guanxi*.

In the Sino-Portuguese case, cultural diplomacy instruments exemplify how multiculturalist practices institutionalize respect for difference and thereby amplify the trust-building function of *guanxi*. Consequently, people-to-people *guanxi* in this bilateral relationship is not only a product of informal reciprocity but is actively shaped and sustained by multiculturalist institutions that translate cultural capital into predictable, institutionalized channels for economic and diplomatic cooperation. Together, these multifaceted and sustained interactions across culture, education, and travel create a robust foundation of shared experiences and mutual appreciation, effectively cultivating the deep social and relational capital that characterizes strong people-to-people "*guanxi*."

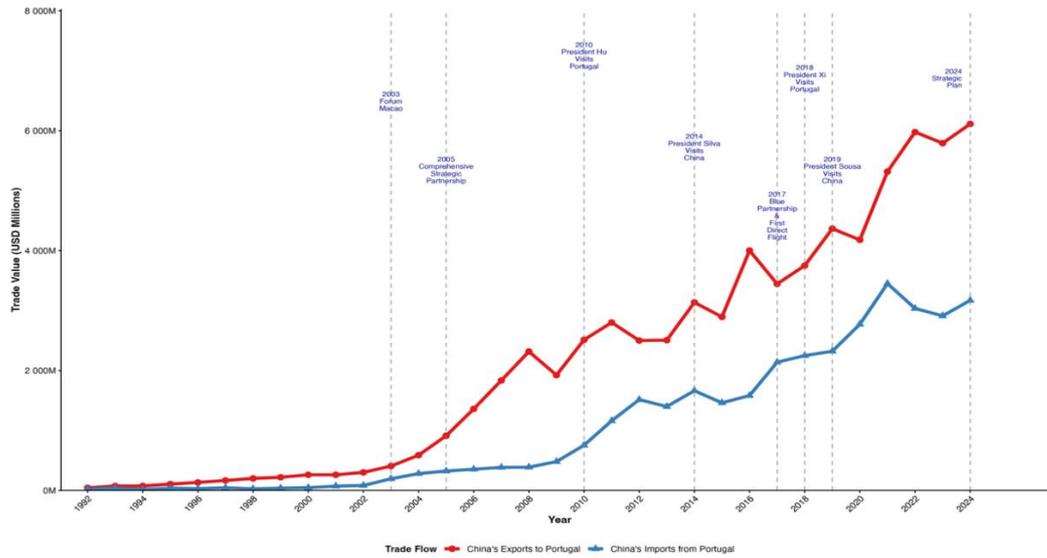
### **4.3 The Synergistic Effects**

#### **4.3.1 The Economic Cooperation Based on Building "Guanxi"**

Figures 2 & 3 show the bilateral trade data between China and Portugal from 1992 to 2024, revealing a demonstrable synergy between the establishment of high-level diplomatic frameworks and the acceleration of economic exchange. The foundational period (1992-2002) shows modest but stable growth (Figure 2), with total trade increasing from approximately \$44.0 million in 1992 to \$307.8 million in 2002. This phase established the basic commercial corridor between the two nations. A significant structural shift occurred post-2003, coinciding with the establishment of the Forum Macao. This institutional innovation provided a dedicated mechanism for engagement, correlating with a notable surge: bilateral trade grew by 99% from \$406.3 million in 2003 to \$911.95 million in 2005.

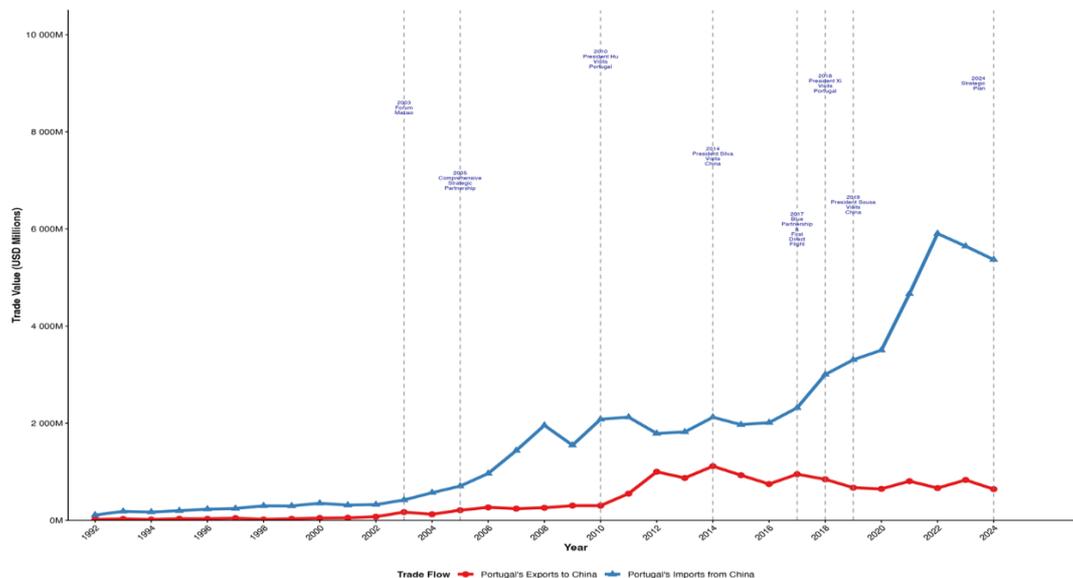


**Figure 2. China-Portugal Bilateral Trade and Key Events (1992-2024)**



Source: Authors based on UN Comtrade database using R Programming Language.

**Figure 3. Portugal-China Bilateral Trade and Key Events (1992-2024)**



Source: Authors based on UN Comtrade database using R Programming Language.

<https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=X&CommodityCodes=TOTAL&Partners=0&Reporters=all&period=2024&AggregateBy=none&BreakdownMode=plus>



The formal elevation of relations to a Comprehensive Strategic Partnership in 2005 marked a critical inflection point, embedding economic objectives within a broader framework of political and strategic trust. The data indicates this commitment acted as a powerful catalyst for exponential growth. In the three years following this agreement (2005-2008), total trade volume nearly tripled, soaring from \$911.95 million to an unprecedented \$2.31 billion. This period of rapid expansion underscores how a deepened political commitment directly facilitated a more ambitious scale of commercial interaction, building resilience that helped trade weather the global financial crisis, with volumes recovering to \$2.51 billion by 2010.

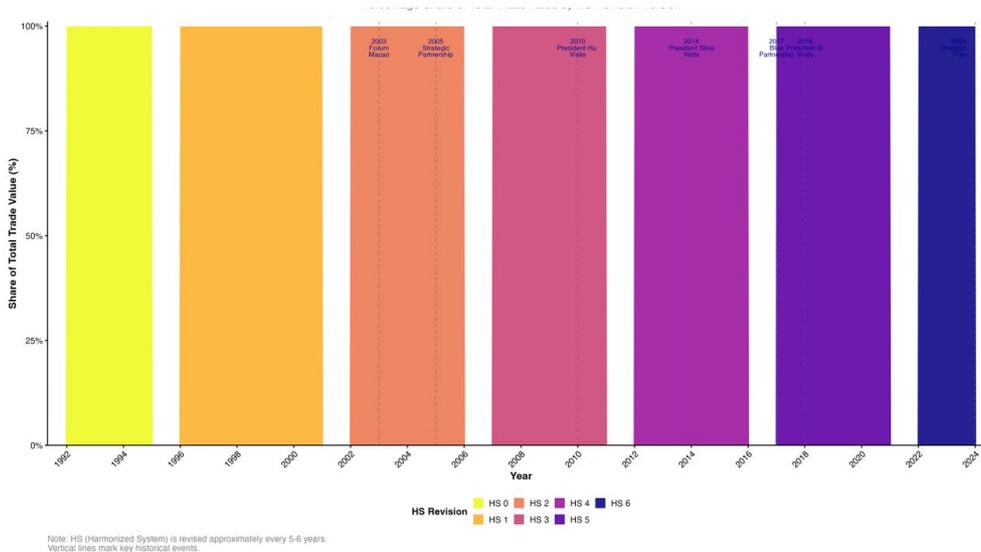
The most dramatic growth phase commenced in the 2010s, powered by a series of targeted and complementary cooperative initiatives. The strategic enhancement of Macao's role as a "One based, one centre, one platform" from 2016 and the launch of the Blue Partnership in 2017 created specialized channels for maritime and commercial collaboration. These were synergistically amplified by Portugal's formal participation in China's Belt and Road Initiative in 2018. The integration into this vast connectivity agenda is starkly reflected in the trade figures: from \$5.99 billion in 2018, bilateral trade climbed to a historic peak of \$9.01 billion in 2022, representing a remarkable 50% increase in just four years. This trajectory highlights how aligning bilateral economic interests with a mega-strategic vision can unlock unprecedented growth.

The robustness and maturity of the trade relationship are further evidenced by its performance through recent global challenges. Despite worldwide pandemic disruptions and economic volatility from 2020 onward, Sino-Portuguese trade not only remained stable but continued to scale new heights, demonstrating significant resilience. This stability provides a strong foundation for the next phase of cooperation, as formalized by the Strategic Plan for Economic and Trade Cooperation (2024-2027) and the 2024 China-Portuguese Speaking Countries Economic and Trade Expo in Macao. These new institutional tools are proactively designed to guide future growth, moving the relationship from a pattern of reactive growth following diplomacy to one of proactively managed co-development.

The empirical evidence from 1992 to 2024 supports the thesis of a strong positive correlation between diplomatic deepening and trade expansion. Each major diplomatic event corresponds to a clear, measurable acceleration in the growth rate of bilateral trade volumes. The "guanxi" has evolved from a simple, low-volume exchange into a complex, high-value partnership where political frameworks actively shape and secure economic outcomes. The consistently high trade levels maintained through recent turbulence and the forward-looking nature of the 2024 Strategic Plan confirm that this synergy is now a durable, institutionalized feature of Sino-Portuguese relations, ensuring that shared diplomatic ambition will continue to be the primary engine for shared economic prosperity.

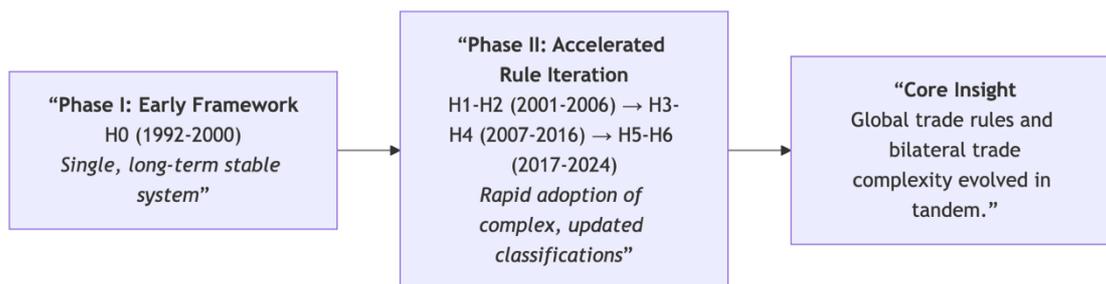


**Figure 4. Evolution of HS Classification in China-Portugal Trade (1992-2025)** (percentage share of total value by HS)



Source: Authors based on UN Comtrade database using R Programming Language.

**Figure 4A. Evolution of HS Classification in China-Portugal Trade (1992-2025)**



Source: Authors based on DeepSeek AI to create visuals

The analysis of the Harmonized System (HS) classification revision evolution (Figure 4) reveals that the statistical framework for China-Portugal trade has undergone seven iterations since 1992, closely synchronizing with international revision cycles. The shift from a period of long-term stability (H0) to one of accelerated iteration (H1-H6) visually underscores the increasing complexity and formalization of bilateral trade. The rapid adoption of HS 2017 (H5) around 2017, coinciding with the deepening of bilateral economic relations under the Belt and Road Initiative, demonstrates how modernized rules infrastructure enabled the capture of more sophisticated trade flows. This provides

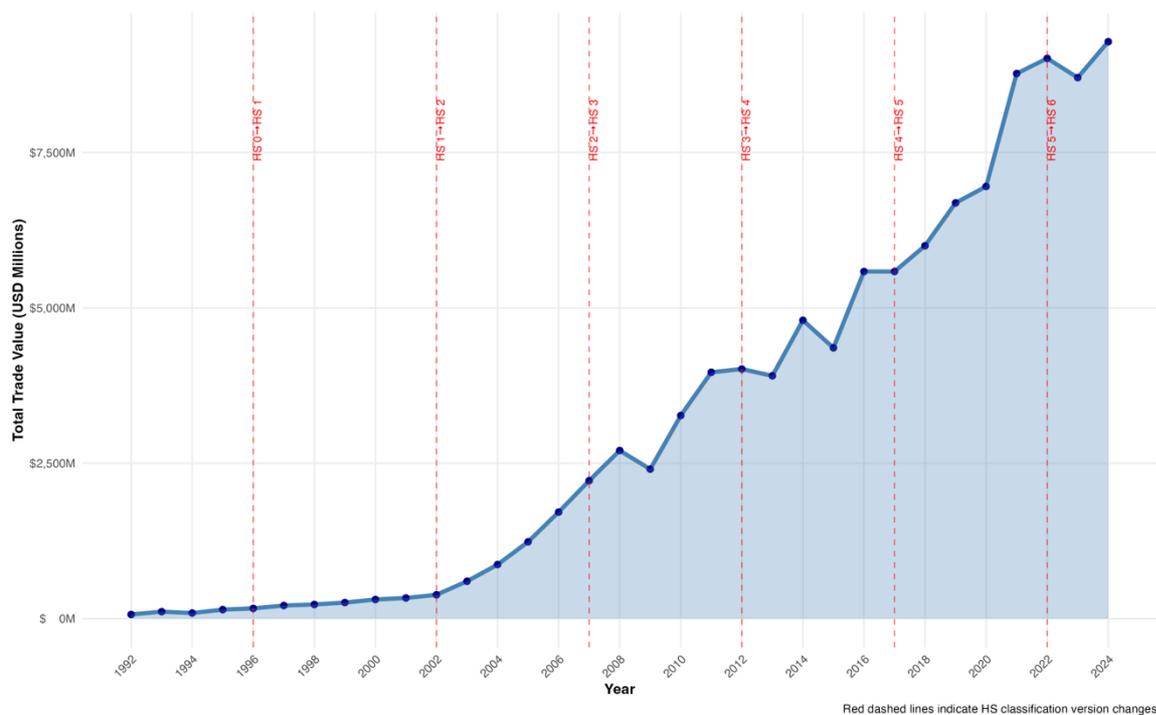


a methodological lens through which the qualitative transformation of the economic partnership can be understood.

Key diplomatic events correlate with noticeable trade accelerations (Figure 5). The 2005 "Strategic Partnership" announcement preceded significant trade expansion, while President Hu Jintao's 2010 visit to Portugal coincided with trade surpassing \$2.8 billion. The 2017 "Blue Partnership" initiative on ocean cooperation was launched during a period of robust trade growth. These patterns suggest that political relations significantly influence economic outcomes in this bilateral relationship.

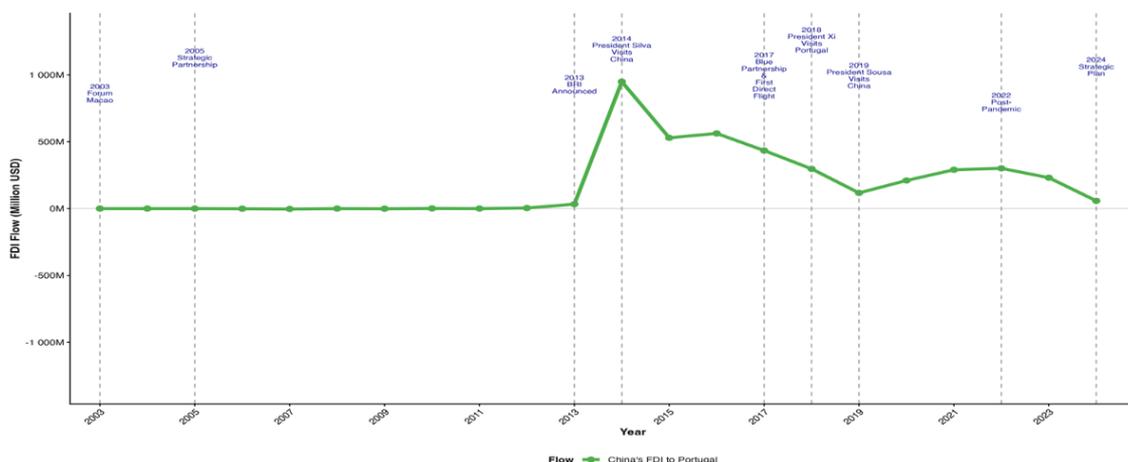
China's Foreign Direct Investment (FDI) into Portugal has evolved in close connection with key diplomatic milestones between the two countries (Figure 6), illustrating how strengthened political relations can enhance economic cooperation. In the early 2000s, FDI flows were minimal, often recorded at zero, despite the establishment of the Forum Macao in 2003 and the elevation of ties to a Comprehensive Strategic Partnership in 2005. These foundational diplomatic steps laid the groundwork for future engagement but did not immediately translate into significant investment, suggesting that institutional frameworks require time to foster tangible economic outcomes.

**Figure 5. HS Classification and Total China-Portugal Trade Value (1992-2024) in millions USD**





**Figure 6. China's FDI Flows to Portugal (2003-2024)**  
(Annual inward FDI from China to Portugal in millions USD)



Source: Authors based on OECD database using R Programming Language. Retrieved from <https://www.oecd.org/en/data/indicators/inward-fdi-flows-by-partner-country.html?oeecdcontrol-chart-control-3cc634ae0b-var3=2023&oeecdcontrol-chart-control-aa4877b865-var6=CHN&oeecdcontrol-chart-control-9813c4b8ed-var1=PRT>

A noticeable shift began around 2012, when FDI started to increase gradually, culminating in a remarkable peak of USD 949 million in 2014. This surge coincided with the state visit of Portuguese President Aníbal Cavaco Silva to China in the same year, which reinforced bilateral trust and likely encouraged major Chinese investments in Portugal's energy, finance, and infrastructure sectors. The high-level engagement appeared to serve as a catalyst, boosting investor confidence and accelerating capital inflows.

Subsequent years saw sustained investment levels, supported by further diplomatic and logistical advancements. In 2017, the launch of the Blue Partnership and the inauguration of the first direct flight between China and Portugal enhanced maritime cooperation and connectivity, facilitating trade and people-to-people exchanges. FDI remained substantial during this period, reflecting how diversified forms of collaboration help maintain economic momentum. President Marcelo Rebelo de Sousa's visit to China in 2019 further solidified political ties, contributing to continued economic interaction despite global uncertainties.

Looking ahead, the announcement of a new Strategic Plan in 2024 signals a shared intention to deepen long-term cooperation. While recent FDI figures show some fluctuation, the consistent pattern suggests that diplomatic engagement often precedes or accompanies shifts in economic flows. This demonstrates that strengthened diplomatic relations not only foster political trust but also create an enabling environment for cross-border investment, thereby supporting the broader argument that diplomacy and economic development are mutually reinforcing.



### **4.3.2 The Promoting Effect of Economic Cooperation on Cultural Exchanges**

The deepening of economic cooperation has established a solid material foundation and an expansive institutional platform for cultural exchange. The expansion of trade and investment flows has directly facilitated increased cross-border mobility, including business travel, technical cooperation, and labour mobility. These forms of interaction themselves constitute important channels of cultural exchange, contributing to the dissemination, interaction, and mutual adaptation of cultural practices. Chinese investment in Portugal not only introduces capital and technology, but also transfers managerial practices and corporate cultures associated with Chinese enterprises. Conversely, Portugal provides an entry point through which Chinese firms and their organizational cultures engage with European markets and societal contexts.

Economic growth further enables cultural exchange by generating financial resources that can be reinvested in cultural initiatives, such as heritage preservation, art and cultural festivals, and educational exchange programs. In this regard, the Forum for Economic and Trade Cooperation between China and Portuguese-Speaking Countries (Forum Macao) plays a significant facilitating role. While its primary mandate is to promote economic cooperation, Forum Macao also offers financial support and institutional platforms for cultural exchange initiatives. Moreover, its engagement in global health cooperation, including the international promotion of traditional Chinese medicine, underscores the extent to which such cultural initiatives are underpinned by sustained economic collaboration.

Beyond material support, institutionalized mechanisms of economic cooperation also enhance the infrastructural conditions for cultural exchange. As an economic cooperation platform within the China-Portugal framework, conferences, exhibitions, and exchange programs organized under the auspices of Forum Macao frequently incorporate cultural components, thereby integrating economic objectives with cultural engagement. Macao's role as a commercial and diplomatic intermediary between China and Portuguese-speaking countries is further reinforced by its moderately diversified economy, particularly the vitality of its tourism and leisure industries, which provide important conduits for cross-cultural interaction. Similarly, external policy frameworks and regional integration constitute core drivers of Macao's tourism symbiosis, demonstrating how economic policies and regional connectivity directly support the development of cultural tourism and, in turn, reinforce cultural exchange (Li et al., 2024).

### **4.3.2 The Enabling Role of Cultural Exchange in Economic Cooperation**

Cultural exchange plays an indispensable enabling role in economic cooperation. It creates a more favourable social environment for economic cooperation by enhancing mutual understanding, building trust, and reducing communication costs. Firstly, cultural understanding can effectively reduce "cultural discounts" and communication barriers in economic cooperation, and reducing cultural discounts requires attention to information dissemination, decoding, and identification. Through cultural exchange, people of the two



countries can better understand each other's ways of thinking, values, and behavioural norms, thereby reducing misunderstandings and frictions in business negotiations, project management, and daily communication. When people of the two countries establish emotional connections and mutual respect through cultural exchange, this trust will naturally extend to the economic field. From the perspective of the "guanxi" theory, this trust is beyond legal contracts and can effectively reduce transaction risks and promote long-term cooperation. China builds its geopolitical influence by providing global public goods and stable bilateral relations. The construction of "stable bilateral relations", to a large extent, relies on the mutual understanding and trust brought about by cultural exchange, which also indirectly confirms the driving effect of political and cultural "guanxi" on economic cooperation.

Secondly, cultural exchanges serve as catalysts for new growth opportunities and creative drivers of economic cooperation. Interactions between China and Portugal in domains such as traditional arts, gastronomy, and design have the potential to generate collaborative projects within cultural and creative industries. Macao exemplifies this dynamic as a model of Sino-Portuguese cultural integration, where its distinctive cultural hybridity functions as an economic asset capable of attracting tourism investment and stimulating cultural industry development. Macao's cultural policies, which emphasize the preservation and promotion of Portuguese heritage, represent not only a commitment to cultural safeguarding but also a strategic approach to leveraging cultural assets for economic vitality. Furthermore, educational cooperation fosters language acquisition and expands transnational networks, cultivating a pool of talent with cross-cultural competencies. These individuals act as bridges in economic partnerships, facilitating innovation, knowledge transfer, and the creation of sustainable collaborative frameworks.

**Table 6. The Synergistic Effects of the China-Portugal Partnership Policy on Economic and Cultural Cooperation.**

<b>Dimensions</b>	<b>Economic Cooperation</b>	<b>Cultural Engagements</b>	<b>Synergistic Effects</b>
The "Guanxi" mechanism	Interests linkage, long-term investment, institutionalized platform	Emotional connection, mutual understanding, shared values	Economic cooperation provides the "foundation" for the "relationship", while cultural exchange deepens the "content" of the "relationship".
Major drivers	Market demand and policy guidance (BRI, China-Portugal Forum)	Cultural diplomacy, historical heritage, educational promotion	The policy integrates economy and culture, jointly driving the development of "relationships".
Impact on each other	Provide material support, enhance personnel exchanges, and create a cooperation platform	Reduce "cultural barriers", build trust, and provide creative sources	Economy provides resources for culture, while culture creates an environment for the economy.
Macao's role	Business cooperation service platform, regional economic hub	Cultural Integration Center, Promoter of Portuguese Culture	Macao is an amplifier and core hub for the synergy between economy and culture.

Source: Authors



The interaction between economic and cultural cooperation has generated a profound synergistic effect, enabling the China-Portugal partnership to exhibit a comprehensive and sustainable trajectory of development. This synergy manifests in several dimensions (Table 5). Economic cooperation, facilitated through personnel exchanges and shared interests, continuously expands and deepens the relational network between the two countries. Concurrently, cultural exchanges foster mutual understanding and trust, thereby enhancing the quality and resilience of these relationships. This mutually reinforcing cycle creates a cumulative process of "relationship capital," producing a virtuous spiral of upward development. At the macro level, initiatives such as the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries and the Belt and Road Initiative exemplify this synergy. These frameworks not only stimulate economic growth but also provide institutional guarantees and practical platforms for cultural interaction, reinforcing the interdependence of economic and cultural dimensions in bilateral cooperation. Macao's unique position within the China-Portugal partnership makes it an amplifier of economic and cultural synergy. Macao is not only an important platform for economic and trade exchanges between China and Portugal, but also a living museum of cultural integration between the two countries. Its positioning as a "World Tourism and Leisure Centre" and a "Platform for Business Cooperation between China and Portuguese-speaking Countries" enables it to integrate economic functions with cultural functions. For instance, by holding international cultural and artistic festivals, attracting tourists and artists from Portuguese-speaking countries, it not only promotes cultural exchanges but also boosts the tourism economy. At the same time, the Portuguese language education and promotion in Macao also provide talent and cultural support for Chinese enterprises to enter the markets of Portuguese-speaking countries. Macao should seize the opportunity of the Deep Integration Zone and ride on the fast train of national development. This is precisely the hope that Macao can better play its unique role in the coordinated development of economy and culture.

The success of the China-Portugal partnership policy lies in its comprehensive consideration of the economic and cultural aspects. For instance, under the "Belt and Road" initiative, not only are there infrastructure investments and trade exchanges, but also emphasis is placed on cultural exchanges and the fostering of mutual understanding among the people. This policy design aims to drive cultural exchanges through economic cooperation, and then use cultural exchanges to nourish economic cooperation, thereby achieving comprehensive and balanced development. The experience of regional government cooperation also indicates that establishing a favourable institutional environment, reasonable organizational arrangements, and regional cooperation rules is a rational choice for achieving integration. The China-Portugal partnership has achieved deep synergy in the economic and cultural fields through this institutionalized cooperation. When economic and cultural factors achieve a deep synergy, the relationship between the two countries will demonstrate greater resilience when facing external challenges. Even when there are frictions in certain economic fields or global geopolitical tensions intensify, the profound cultural understanding and trust foundation can play a buffering role, preventing the relationship from deteriorating completely. The perception of security threats can affect economic cooperation preferences, but the trust established



through cultural exchanges between China and Portugal can, to a certain extent, counteract this negative impact and maintain the stability of cooperation.

In general, the policy of the China-Portugal partnership has established a dynamic and mutually reinforcing mechanism between economic and cultural cooperation, resulting in a significant deep synergy effect. Economic cooperation provides a material foundation and platform, facilitating personnel mobility and cultural exchange; while cultural exchange enhances understanding, builds trust, and reduces communication costs, providing strong social capital and favorable conditions for economic cooperation. Macao, as the core hub of this collaborative process, further amplifies this effect. This deep synergy of economic and cultural interaction not only improves the overall quality of the China-Portugal relationship but also lays a solid foundation for the two countries to jointly address global challenges and achieve common development in the future.

## 5. Conclusion

This study has conducted an examination of Sino-Portuguese policies and diplomatic engagement from 2003 to 2024, assessing how these mechanisms collectively shape the evolving nexus between economic cooperation and cultural exchange. Grounded in a relational analytical framework, the findings demonstrate that accumulated trust, reciprocity, and sustained commitment constitute a form of *guanxi* capital. This capital functions alongside formal institutional arrangements to reduce transaction costs, facilitate information flows, and stabilize mutual expectations. Although the study does not establish a direct causal relationship, the analysis reveals a noteworthy correlation between the growth of *guanxi* capital and the intensification of bilateral economic and commercial activity, suggesting that relational dynamics and economic interactions have evolved in mutually reinforcing ways over time. Within this perspective, the synergistic effects of cooperation are observable across both national contexts. Returning to the central research question - How do China and Portugal construct *guanxi*, and what synergistic effects does Sino-Portuguese cooperation generate across the economic and cultural spheres in both regions? - the study advances three principal conclusions.

First, at the economic level, diplomatic events and bilateral mechanisms have institutionalized opportunities for trade, investment, and infrastructure development. These platforms and the “*guanxi*” built expand personnel exchanges, diversify sectoral linkages, and deepen network density, thereby strengthening the relational architecture that underpins cross-border commerce.

Second, at the cultural level, sustained exchanges cultivate mutual intelligibility and trust, enhancing resilience within the bilateral relationship. Macao’s unique position, as a locus of Sino-Portuguese cultural hybridity and a policy emphasis on Portuguese heritage, illustrates how symbolic assets and cultural policies function as economic resources, attracting tourism and catalysing cultural-industry development. Importantly, multiculturalist activities and practices do not merely accompany cultural exchange, they actively shape the conditions under which *guanxi* can be institutionalized and scaled. By legitimizing plural identities, creating institutional venues for intercultural encounter, and embedding cultural exchange within informal cooperation agendas, multiculturalism



increases the salience and durability of relational capital, thereby making economic cooperation more resilient to adversity and more amenable to long-term commitments.

Third, the synergy across economy and culture operates as a virtuous cycle: economic cooperation finances and platforms cultural engagement, while cultural engagement reduces communication costs, mitigates “cultural discount,” and widens the social base for joint ventures. In both regions, this mutual reinforcement translates into higher-quality partnerships, enhanced adaptability to uncertainty, and more sustainable development trajectories.

Looking ahead, future research should employ longitudinal mixed methods to trace the quantitative and qualitative evolution of guanxi capital, examining how trust generated by cultural interactions translates into measurable reductions in contractual and coordination costs. Further inquiry might also examine sectoral pathways, such as renewable energy, fintech, and creative industries, through which economic collaborations produce new cultural content and exchanges, thereby renewing the stock of guanxi and consolidating the cooperative ecosystem over time.

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## **TOWARDS A MEASURABLE AND INCLUSIVE THEORY OF STATE FRAGILITY: CROSS-REGIONAL INSIGHTS FROM CHINA, PORTUGAL, BRAZIL, AND BOTSWANA**

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### **Abstract**

This study advances a more contextually grounded understanding of state fragility by integrating a wide range of institutional indicators within a neoclassical realist framework, while deliberately moving beyond the narrow epistemic assumptions that have traditionally guided dominant assessments of state performance. Rather than drawing on uniform models derived primarily from Euro-Atlantic institutional experiences, the analysis adopts a cross-regional comparative approach that is sensitive to diverse political cultures, historical trajectories, and governance practices. The selected cases - China, Portugal, Brazil, and Botswana - constitute a deliberately heterogeneous set of political regimes and developmental trajectories. Methodologically, the study conceptualizes, operationalizes, and measures state fragility through a multidimensional indicator framework that captures variations in institutional capacity, societal resilience, and policy adaptability. The analysis specifies the scoring rules, weighting schemes, and aggregation procedures applied to each indicator, and addresses issues of construct validity and cross-case comparability in the context of cross-regional analysis. By reframing state fragility as a condition that cannot be meaningfully assessed through universalized or externally imposed benchmarks, this study contributes to a more inclusive and context-sensitive theoretical framework. It advances scholarly debates on state performance and international relations while also offering policy-relevant insights for decision-making processes that require attentiveness to regional specificities, historical trajectories, and locally articulated governance priorities within a changing global order. The



study nonetheless acknowledges important methodological limitations. Meaningful comparison across the selected cases remains challenging due to their fundamentally different historical contexts and developmental starting points. In addition, several indicators are necessarily calibrated based on analytical judgment in order to capture variation across dimensions, which introduces a degree of subjectivity into the evaluative process. Within this framework, a strong state is defined as one characterized by institutional robustness and a demonstrated capacity to respond effectively to domestic challenges. Conversely, a weak state is conceptualized as a political system marked by systemic failure and institutional incapacity across multiple dimensions of the analytical framework.

### Keywords

State Fragility, Brazil, Portugal, China and Botswana.

### Resumo

Este estudo promove uma compreensão da fragilidade do Estado, integrando um conjunto de indicadores institucionais num enquadramento neo-realista, ao mesmo tempo que se afasta deliberadamente das pressuposições epistemológicas que tradicionalmente orientam as avaliações dominantes sobre o desempenho do Estado. Em vez de recorrer a modelos uniformes derivados sobretudo de experiências institucionais euro-atlânticas, a análise adota uma abordagem comparativa trans-regional sensível a diferentes culturas políticas, trajetórias históricas e práticas de governação. Os casos selecionados - China, Portugal, Brasil e Botswana - constituem um conjunto heterogéneo de regimes políticos e trajetórias de desenvolvimento. Metodologicamente, o estudo conceptualiza, operacionaliza e mede a fragilidade do Estado através de um quadro multidimensional de indicadores que capta variações na capacidade institucional, resiliência da sociedade e adaptabilidade das políticas públicas. A análise especifica as regras de pontuação, os esquemas de ponderação e os procedimentos de agregação aplicados a cada indicador, abordando igualmente questões de validade de construto e de comparabilidade entre casos no contexto de uma análise trans-regional. Ao redefinir a fragilidade estatal como uma condição que não pode ser avaliada de forma significativa por intermédio de padrões universalizados ou de referenciais externos impostos, este estudo contribui para um quadro teórico mais inclusivo e sensível ao contexto. Avança o debate académico sobre desempenho estatal, oferecendo simultaneamente contributos relevantes para políticas públicas, particularmente em processos de decisão que exigem atenção às especificidades regionais, às trajetórias históricas e às prioridades de governação articuladas localmente num sistema internacional em transformação. O estudo reconhece, no entanto, limitações metodológicas importantes. A comparação substantiva entre os casos permanece desafiante devido às diferenças profundas nos seus contextos históricos e pontos de partida de desenvolvimento. Além disso, vários indicadores necessitam de ser calibrados com base em juízo analítico para captar variações entre dimensões, o que introduz um grau de subjetividade no processo avaliativo. Neste enquadramento, um Estado forte é definido como aquele que apresenta robustez institucional e capacidade demonstrada de responder de forma eficaz a desafios internos. Em contrapartida, um Estado fraco é conceptualizado como um sistema político marcado por falhas sistémicas e incapacidade institucional em múltiplas dimensões do quadro analítico.

### Palavras-chave

Fragilidade do Estado, Brasil, Portugal, China, Botswana.



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## **TOWARDS A MEASURABLE AND INCLUSIVE THEORY OF STATE FRAGILITY: CROSS-REGIONAL INSIGHTS FROM CHINA, PORTUGAL, BRAZIL, AND BOTSWANA<sup>1</sup>**

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### **Introduction**

Among the key challenges in global governance, fragile states emerge as a critical concern worldwide, as Kofi Annan stated in his speech on peacebuilding, one of the significant difficulties today is the problem of unstable nations. Later as he emphasised more for the shared duty to reinforce and restore this broken fabric for global peace and stability (Annan, 2009). This concern is also echoed in media and policy discourse. For instance, Xinhua News highlights the importance of understanding fragile states by citing real-world examples, such as the large-scale instability in South Africa and ethnic clashes in Ethiopia. These incidents have repeatedly highlighted the vulnerability of certain nations, rendering them fragile and inadequate in their ability to address and mitigate geopolitical risks. This can often lead to a state prone to political and economic disruption in severe cases and chaos (Xinhua News, 2021).

In scholarly literature, the concept of state fragility is widely used but remains contested and multidimensional (Ferreira, 2016). Currently, scholarly discourse frequently engages with concepts such as state collapse, stagnation, regression, and the fragility of political-administrative structures (Ficek, 2022). Despite its presentence of the term in academic articles, there is still no universally accepted definition of it. Some approaches focus on the inability of the state to maintain territorial control and deliver basic services from the government, while others put more emphasis on the deeper institutional weaknesses, such as poor governance and a lack of legitimacy (Ferreira, 2016). Moreover, fragility can be quantified by numbers using different models that are conducted by organisations. The most commonly used empirical tools, like the Fragile States Index (FSI), attempt to quantify fragility through comprehensive indicators such as the security apparatus, economic decline and state legitimacy (THE FUND FOR PEACE, 2025). To further highlight the ongoing debate is the measurement of the fragile state, scholars such as Baliamoune-

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Lutz and McGillivray critiqued the existing measurement frameworks for lacking theoretical coherence, normative biases and geopolitical interest, and they proposed the fuzzy set theory to improve the evaluation of the fragility (Baliamoune-Lutz, 2008). Ferreira also uses the articles to compare with different evaluation systems to conclude the lack of solid theoretical foundations, which provides a gap that leads to the widespread confusion between causes, symptoms and the quantitative outcome. Meanwhile, the international organisations such as the IMF also contribute to the categories of fragility with the need for a policy response, with the emphasis on the lack of a theoretical approach for this concept (Cebotari et al., 2025). Recent scholarship proposes a rethinking of fragility not only as a developmental issue but as a relational and dynamic consideration which can be shaped by global power structures, historical legacies, and transnational pressures (Ficek, 2022). This broader understanding calls for a more refined analytical approach with a diverse portfolio of case studies that can capture the institutional dimensions of fragility, beyond conventional metrics of territorial control or service delivery.

This research conducts a comparative analysis of four countries, which include China, Portugal, Brazil, and Botswana. In the field of international relations, the scholarship widely recognises China as the 21st century's most transformative development, solidifying its status as a defining rising power (Jalil, 2019). Its rapid economic development and global interactions have drawn attention not only to its external influence but also to the internal governance challenges, including issues of policy coherence and institutional legitimacy. Another rising power in the global south group or the regional power is Brazil, and its global positioning blends foreign policy ambition with domestic tension. However, this external engagement also reveals Brazil's internal conflicting conditions, such as the nation selling high-value goods like advanced aircraft. Meanwhile, tens of millions struggle in poverty (Burgess, 2013). In contrast, Portugal is a democratic state within the European Union, and it offers a case of institutional fragility shaped by economic dependency, bureaucratic inertia, and the constraints of supranational governance (Magalhães, 2005 & De Sousa, 2001). Most importantly, as McNamara states, the Eurozone crisis stripped policy autonomy from governments across the state, and the lack of a unified European solution, Portugal faced intense pressure to adopt investor and agency to ensure debt repayment (Matthijs & McNamara, 2015). Finally, Botswana is often described as an African success story because it demonstrates relative institutional resilience despite structural vulnerabilities from the government, and it also achieves a relatively high ranking for the stable state among different indices from organisations (Good, 1999). However, this internal governmental system tends to have deeper structural vulnerabilities rooted in governance practices and economic dependency. The 2024 general election, in which the Botswana Democratic Party (BDP) lost power for the first time in nearly six decades. It revealed underlying fragilities in public dissatisfaction with corruption, nepotism, and inequality, as well as the economic stagnation linked to the declining diamond sector (Bello et al., 2024). This political shift challenges the conventional narrative of Botswana's stability, which guides us to bring this state together with other cases to conceptualise and reconsider the term state fragility.



Our study proposes the research question of how state fragility can be defined and evaluated? As each state embodies distinct governance systems, development pathways are displayed with the display of internal fragility. By systematically examining how these states confront challenges related to policy coherence, institutional legitimacy, and resilience, this study seeks to illuminate the differentiated expressions of state fragility across varied sovereignty to form a common applicable model. The significance of this research lies in the theoretical innovation and empirical breadth. Early studies often relied on institutionalist frameworks, emphasising the erosion of state capacity, authority, and legitimacy (Carment et al., 2009). By building on this theoretical foundation, political legitimacy theory also added to the research on the fragility of the state to highlight the role of citizen trust and regime credibility in sustaining state resilience (Rosvadoski-Da-Silva et al., 2021). Meanwhile, Ware also argues that the trajectories of colonial legacies and global inequalities should also be considered in the institutional weakness in the long-term development patterns (Ware & Ware, 2014). Moreover, discourse analysis and critical theories have been used in analysing the term of state fragility on international intervention and governance reforms for a specific region (Grimm et al., 2014). We believe that the neoclassical realism offers a compelling theoretical framework for analysing state fragility. Unlike classical realism, which puts more emphasis on the power and structural politics, it focuses on the systemic and domestic variables, which can help us to evaluate the resilience and fragility of the state. Empirically, this study challenges the conventional assumptions of the case selection. The selection of China, Portugal, Brazil and Botswana enables a comparative analysis across region-specific or performance-based studies. A case study approach is particularly appropriate for this research, as it facilitates an in-depth examination of the institutional configurations, policy dynamics, and legitimacy mechanisms in each state within the context. These cases, selected for their contrasting political systems, developmental trajectories, and unstable geopolitical environment, can uncover patterns and divergences that challenge dominant narratives and contribute to a more differentiated understanding of fragility.

## Literature Review

The term of great power competition firstly used as description on the Cold War rivalry between the United States and the Soviet Union (Brands, 2022), and the great power politics are fundamentally determined by relative power (Gilpin, 1981). While power is typically conceptualized as a state's ability to shape global politics in accordance with its interests, systematic measurement. However, there is a lack of unified method of quantifying it as this comprehensive assessment would entail delineating a country's specific interests and its exact influence across a virtually infinite number of international occurrences (Nye, 1990). However, this research would like to shift the focus from the understanding and evaluation of the traditional power of the influential outside to the power inside of the state for the concept of state fragility.

This is a core concept in the study of state governance and international development, the concept of State Fragility has undergone dynamic evolution in its definition and scope throughout these past decades. The late 20th century marked a critical foundational



period for related concepts. In 1982, Robert Jackson and Carl Rosberg took the lead in focusing on the phenomenon of weak states in Africa. They argue that such states only possessed a legal status as sovereign entities but lacked the capacity to effectively exercise territorial control and governance functions (Jackson & Rosberg, 1982). This diverged sharply from Max Weber's definition of a modern state as an actor with a monopoly on the legitimate use of violence (Weber, 1948). This also leads to the current research on state fragility from the perspective of governance capacity deficiency. Aligned with the critique, Brock also argues that it overly equates fragility with a breakdown in the state's capacity to enforce control. Instead, it can be contended that the core issue is systemic weakness in policy planning and implementation. It is rooted in factors such as insufficient political will, bureaucratic inefficiency, weak institutions, or conflict (Brock et al., 2013). In 1992, Gerald Helman and Steven Ratner further proposed the concept of the failed nation-state, which is a phrase that defines a state that can no longer exist as a member of the international community, such as Somalia and Bosnia. Furthermore, they also argue to advocate such states to be placed under UN trusteeship (Helman & Ratner, 1992). Later, scholars like Robert Rotberg refined this framework, and he argued that a nation-state fails when it is plagued by internal violence and ceases to provide positive political goods to its citizens as a vacuum authority (Rotberg, 2002). However, the connotation of fragile states itself was fragile in different contexts, and it was subject to shifting interpretations across academic and policy contexts (Wang & Chen, 2025). Nevertheless, the issue of state fragility gradually became a key focus of foreign policy for developed countries and emerged as a critical topic in academic and policy research (Kaplan, 2014). Scholars have sought to delineate the core traits of failed states to clarify this contested concept, with Rotberg, Zartman, and other scholars together summarising key characteristics of the loss of control of the state. It means the state can no longer effectively assert authority over its geographic political boundaries. Besides, the erosion of collective decision-making authority lacks the capacity to formulate and implement comprehensive policies for the state. In addition, the state is unable to provide basic public services such as healthcare, education, infrastructure and security, and these elements are essential to sustain citizens' livelihoods and well-being. Crucially, it also represents a failure to fully participate in international affairs, which includes an inability to uphold international obligations and acts as a recognised member of the international community (Rotberg, 2002 & Zartman, 1995; Milliken & Krause, 2002). However, the failed state concept has been discussed in different opinions. As Terry Call noted, it is overly broad and difficult to define precisely the failed state, which can lead to a Conceptual muddle of different criteria in research and policy discourse (Call, 2008). This conceptual ambiguity also leads to different evaluation systems. Current researchers and institutions have developed a wide range of fragmented frameworks to measure state fragility, and there is also a lack of standardisation, resulting in significant discrepancies in empirical findings and frequent inaccuracies in predictions (Zhu & Hao, 2017). As a result, the consensus on defining state fragility remained elusive, with the term often used interchangeably with expressions like weak performers, failing states, or failed states (Ferreira, 2016). Later, the concept of fragile states gained international recognition in 2005, when the OECD Development Aid Committee convened two high-level meetings, and it stated that the definition of a fragile



state is a lack of political commitment and insufficient capacity to develop and implement policies (PPAIF, 2007).

**Table 1 – What is state fragility?**

← Factors influencing state fragility as an internal and dynamic condition →								
Failed State	Internal					External		Strong State
	Political Decision Making		Identity and Participation		Needs (Public Service)			
	Ability to exercise political control and commitment	Efficiency of the institutional decision-making process	Conflictual social and political identities	Instable social and political elites	Level of human security	Ability to implement a line of political and economic evolution	Ability to fully participate in foreign affairs and to be perceived as a security threat	
Level of internal securitization	Ability to exercise the monopoly of the use of force		Openness to societal participation	Ability to address the evolution of societal needs	Ability to provide essential public services	Diaspora's identification and national engagement		
State is Non-Existent (Score=0)						Minimum Fragility (Score =240)		
Source: Authors, based on Appendix 1								

After defining the fragile state, contemporary scholarship mainly focuses on identifying the key correlates and drivers of fragility and finding a suitable measurement of the fragile states. Carment and Samy argue that there is no direct association between fragility and worse outcomes in conflict, human rights, democracy, or aid levels. Instead, they assert that their analysis identified low human development through the UNDP's Human Development Index as the strongest correlate of fragility (Carment & Samy, 2009). This conclusion is also agreed by Patrick, who emphasised that the most severe negative impacts of fragile contexts ultimately befall the states' own populations (Patrick, 2006). Other scholars' work has explored the structural and institutional drivers of fragility. Migdal framed that the power of the state has to be concentrated in social control. Capable states emerge as societies need to become relatively dependent on state-provided services (Migdal, 1989). Building on this, Robinson and Acemoglu highlighted elite capture as a critical driver. When power and wealth are dominant among the elite, they neglect investments in basic public services. This can trigger a cycle of civil war that erodes state capacity (Acemoglu & Robinson, 2012). By contrast, Dutta and Roy identified a mitigating factor for the fragile states. The higher transparency reduces fragility by enabling free information flow. This empowers citizens to build trust in government and political participation, which can address the legitimacy deficits that often underpin vulnerability (Dutta & Roy, 2016). Chauvet and Collier anchored fragility in the economic function system. They classify fragile or failed states as low-income countries where poor economic policies, weak institutions, and deficient governance make growth nearly impossible. The combination of poverty and stagnation significantly



increases a country's propensity for civil war, and this can be an influential factor in the state's fragility (Chauvet & Collier, 2004). Despite the drivers of fragile state, scholars also find particularity across regional scholarly traditions. Through the North American literature, it has relied on the terms state failure and state collapse to describe severe political crises in 1990s contexts like Somalia, Bosnia and Herzegovina, Liberia, and Afghanistan (Christensen, 2007). For the European and institutional literature, by contrast, it eschews the failed state label, and it favours more nuanced terminology that can avoid implying collapse. Sørensen argued that the term disrupted states refers to entities that emphasise fragility as a dynamic, rather than a static condition. This terminological shift also reflects deeper differences in how scholars conceptualise state vulnerability. North American frameworks often focus on crisis severity, while European and institutional work prioritises the potential for recovery and incremental improvement (Sørensen, 1999). With the increasing importance of the multidimensional nature of fragility, regional differences in how fragility is conceptualised further reflect the broader scholarship to move beyond static, one-dimensional definitions. Currently, it has a shift driven by growing recognition of fragility's multidimensional nature, including drivers that often lie beyond a state's internal boundaries or control (Ware & Ware, 2014).

Meanwhile, fragile states are frequently framed as among the world's security threats, and this foundational assumption is highly contentious, as it lacks robust empirical support (Brock et al., 2012; Carment & Samy, 2009; Nay, 2013; Patrick, 2006). The challenge of this is the absence of a universal framework for measuring state fragility. Scholars and international organisations have relied on a diverse array of assessment tools, and each of them emphasises distinct dimensions of vulnerability. To address this variability, this study draws on the combination of global and regional institutions' measurement that balances comprehensiveness of the state's portfolio. These include the Fragile States Index (FSI), which was developed by the Fund for Peace, which evaluates 178 countries across 12 social, economic, and political indicators (Fragile States Index | the Fund for Peace, 2025). The Global Peace Index (GPI), which is published annually by the Institute for Economics and Peace, quantifies peacefulness based on measures of violence and militarisation (Institute for Economics & Peace, 2025). Moreover, the World Bank's Country Policy and Institutional Assessment (CPIA) as a tool focused on low and middle-income countries that rates policy effectiveness and institutional quality across 16 criteria (Country Policy and Institutional Assessment | DataBank, 2025). In the context of African states, we also consider the African Governance Index (AGI). As it is the regional indicator that assesses various aspects of governance in Africa, it can provide a comprehensive evaluation of the state's governance capabilities. We consider this to have great significance for measuring state fragility at the regional level based on the regional context. Overall, by grouping analysis in these widely recognised frameworks, our study seeks to mitigate the biases of a single measurement tool and reflect the diverse dimensions of state fragility.

With the focus on empirical study, we complement realism's analytical lens with insights from widely recognised fragility measurement tools, each designed to quantify different facets of state vulnerability. In this paper, we used neoclassical realism as the theoretical framework with clear relevance to study state fragility. Neoclassical Realism (NCR)



emerged in the mid-1990s to address post-Cold War gaps in structural realism with the strict focus on power distribution to integrate domestic factors (Dyson, 2008; Wivel, 2005). This theoretical adjustment makes NCR uniquely suited to studying state fragility. Unlike frameworks that attribute fragility to either focusing purely on systemic pressures or isolated domestic failures. NCR captures the interplay between these two spheres, and we believe this lies at the core of fragility. As Gideon Rose first framed it over two decades ago, NCR posits that systemic power shifts set the stage for strategic change, which depends on the domestic situation (Rose, 1998). As scholars further elaborated, the state behaviour is shaped not solely by the anarchic nature of the international order, but also by factors such as a state's domestic institutional capacity, the perceptions of its leaders, and its strategic culture (Lobell et al., 2009). This contextual focus avoids reducing fragile states to simply labelling failed states, and instead takes into consideration their vulnerability in unique historical, regional, and domestic dynamics. Take the NCR as our research framework; it can fill a fragility research gap because it avoids overemphasising systemic determinism and reducing fragility to domestic failures. Meanwhile, it can provide theoretical tools to explain the different vulnerabilities exhibited by different countries in the face of international pressure and internal political factors. This model asserts more on vulnerability to the interplay of global structures, domestic institutions, and contextual history consideration (Kitchen, 2010; Lobell et al., 2009).

As Acharya and Buzan argue, mainstream international relations theory remains largely an abstraction derived from Western historical experience and political thought (Acharya & Buzan, 2019). This Western-centric orientation has important implications for research on state fragility, which has traditionally relied on analytical frameworks, case studies, and measurement tools grounded in Western models of state-building, governance, and security. Such approaches often understate the significance of factors central to many Global South contexts, including colonial legacies, post-independence economic structures, and external intervention in domestic governance.

By moving beyond Western-derived abstractions, this study addresses key limitations in the existing literature. First, it demonstrates how state fragility manifests differently across diverse historical and institutional contexts, including African, Asian, Latin American, and European states. Second, through comparative analysis, it develops a more comprehensive evaluative model that integrates multiple indicators across different types of states. In doing so, the study contributes to a more inclusive and globally grounded approach to theorising state fragility.

The remainder of the study is organised as follows. The methodology section outlines the research design, including the construction of the evaluative framework, indicator selection, data sources, and comparative techniques. The case analysis section examines state fragility in China, Portugal, Brazil, and Botswana across the dimensions of the proposed model. The conclusion synthesises the theoretical and empirical findings and reflects on their broader implications for the conceptualisation of state fragility.



## Methodology

Comparative research methodology is a pivotal methodological approach for interrogating the dynamics of state fragility. By systematically examining the institutional indicators across a diverse set of states, we argue that the mechanisms through institutional configurations can shape a state model's fragility. Notably, as the cases that we study have distinct political regimes, levels of economic development, and geopolitical positions, we can form a more balanced model to consider the variation between states. For instance, as a member state of the European Union, Portugal's institutional development has been subject to the EU frameworks, and thereby it can demonstrate a relatively high degree of institutional resilience. By contrast, Botswana, despite its resource-dependent economic structure, has sustained a comparatively low level of fragility through the establishment of institutionalised fiscal governance mechanisms. China, alternatively, has fostered institutional concentration via its political system. It confronts challenges about regime legitimacy and administrative transparency. As Ferreira states in the article, comparative studies should be built on the foundation of a theoretical framework in order to avoid just comparing different indicators from the index (Ferreira, 2016). We also argue against the idea of considering the state's history and the process of institutional evolution rather than static analysis (Ware & Ware, 2014). By analysing multiple cases with diverse indices, we can validate findings across different contexts to minimise the risk of overinterpreting data from a single case.

Our evaluation model is structured around six dimensions of state internal management, with the evaluation criteria detailed in Appendixes 1 and 2. Drawing on neoclassical realist theory, six indicators are used to assess state performance: the external regional and global environment; economic resilience and vulnerability; social control and legitimacy; monopoly of violence and territorial control; governance and institutional strength; and foreign policy and international agency.

The external regional and global environment refers to the state's capacity to respond to potential risks arising both domestically and externally. Economic resilience and vulnerability capture the degree of economic diversification, which is critical for mitigating risks associated with dependence on a single market. Social control and legitimacy relate to the state's ability to ensure everyday public safety and reflect the capacity of public service provision. The dimension of monopoly of violence and territorial control assesses the extent of governmental authority over coercive instruments, such as military and security forces, and is closely linked to governance and institutional strength. Finally, foreign policy and international agency evaluate the state's external engagement and its capacity to influence international norms and values.

This study employs a comparative framework to assess state resilience and institutional capacity across six equally weighted dimensions: (1) the external regional and global environment; (2) economic resilience and vulnerability; (3) social control and legitimacy; (4) monopoly of violence and territorial control; (5) governance and institutional strength; and (6) foreign policy and international agency. Each dimension is operationalized through specific indicators (Appendixes 1 and 2) evaluated on a standardized 1–10 scale. Scores of 0–2 indicate critical weakness and instability; 2–5



reflect below-average performance; 5–7 denote average performance relative to other states; 7–9 signify strong state resilience; and 9–10 represent excellent institutional capacity and stability.

The scoring process follows a relative, context-oriented approach tailored to cross-state comparison among the selected cases. While the framework aims to ensure analytical rigor and transparency, it acknowledges inherent limitations, including the partial subjectivity associated with qualitative indicators. The primary objective of this methodology is therefore not to generate definitive rankings, but to facilitate systematic comparison by highlighting relative strengths and vulnerabilities across diverse states.

## Case Analysis

### External Regional and Global Environment (ERGE) Geopolitical Pressures

From our perspective, a state's stability is determined by the resilience of its domestic institutions for converting the external pressures into cohesion rather than fragmentation. Based on our perception, we give the score of 9 to Portugal as its organisational embeddedness within the EU and NATO framework. These institutions guarantee Portugal's external security for ensuring the internal stability. China (6.5) is positioned in the relatively stable range, which shows the pressures from territorial disputes and the strategic rivalry of major powers, such as the United States. We argue that China has substantial state capacity, especially for naval power and strategic infrastructure investments such as the Belt and Road Initiative, which can manage well in the competition and territorial disputes. Botswana (6) achieves a score in the relatively stable section. Its domestic politics are quite stable, with the recent movement for changing the ruling regime. This rating reflects the resistance to the uncertainties in the near future in its regional environment. Brazil (5.5), as the regional power, receives its score due to the non-traditional security issues and fluctuating regional influence. For instance, Brazil's policy shifts on the Amazon conservation issue fluctuated with the resources and priorities. It has fundamentally undermined the state's credibility and efficacy in geopolitics.

### Trade Barriers

It is derived from the International Trade Barrier Index (TBI) from THOLOS Foundation (ITBI, 2025). Within this dimension, Singapore (2.79) represents the benchmark of lowest and Indonesia (5.84) the highest. In order to standardise the comparison across different dimensions within the framework, the original scores are linearly converted to a 0-10 scale which is presented by the lower trade barrier with the high score on this dimension. Portugal (7.4) is rated as a stable category of stable, which is the beneficiary of the EU's highly open and commercial policy. Botswana (6.5) remains within a relatively stable band, and it reflects its overall openness as a customs union member. However, it also faces developmental constraints such as digital trade facilitation and services trade. Both Brazil (2.8) and China (2.2) are categorised as less stable in our evaluation,



and the reasons are distinct. Brazil's score is primarily influenced by its high tariff protections, such as the Mercosur common external tariff framework. Brazil imposes a 35% high tariff on imported vehicles (Blenkinsop, 2025). Conversely, China's primary constraints are not on the traditional tariffs but in market access barriers within service sectors. For financial services, foreign ownership in securities and insurance companies was capped at 51% in 2017 and 100% in 2020 (Qu, 2020). Although China has gradually reduced its limitations in this area, significant barriers persist across other key service industries, such as the value-added services that require operating under a joint venture with a Chinese partner for telecommunication.

### **Regional Integration**

The original data from the Asia-Pacific Regional Integration Index was linearly transformed to our evaluation model by using the highest performer (Poland, 0.728) and weakest performer (Sudan, 0.218) as benchmarks (Huh & Park, 2018). The results are: Portugal 9.51, China 5.20, Botswana 3.10, and Brazil 2.43. However, we find significant limitations as the index primarily measures the degree of socio-economic integration, such as trade, investment, and infrastructure. In contrast, the scoring criteria of this study emphasise access to the market, security mechanisms and decision-making for the regionality. Consequently, we have calibrated the data by integrating with our perception. China (6.5) is constructing its substantive capture to shape the influence. This influence is demonstrated through its role in shaping regional trade rules via RCEP and financial connectivity, the Belt and Road Initiative and the AIIB. Most importantly, it also participates in security coordination like the Shanghai Cooperation Organisation. Secondly, Brazil (5.5) and Botswana (6.0) achieve relatively stable progress in their regional integration action. As the dominant power in Mercosur, Brazil possesses institutional privilege to core market access and decision-making power. However, it also faces immense challenges of internal issues with policy volatility and implementation failures. Conversely, Botswana primarily derives stable leading positions in African states. It shares benefits from goods market access within the Southern African Customs Union (SACU). Compared to Portugal's deep and institutionalised integration and China's strategic, shaping engagement, both Botswana and Brazil have a limited profile in this dimension.

### **Global Shocks Vulnerability**

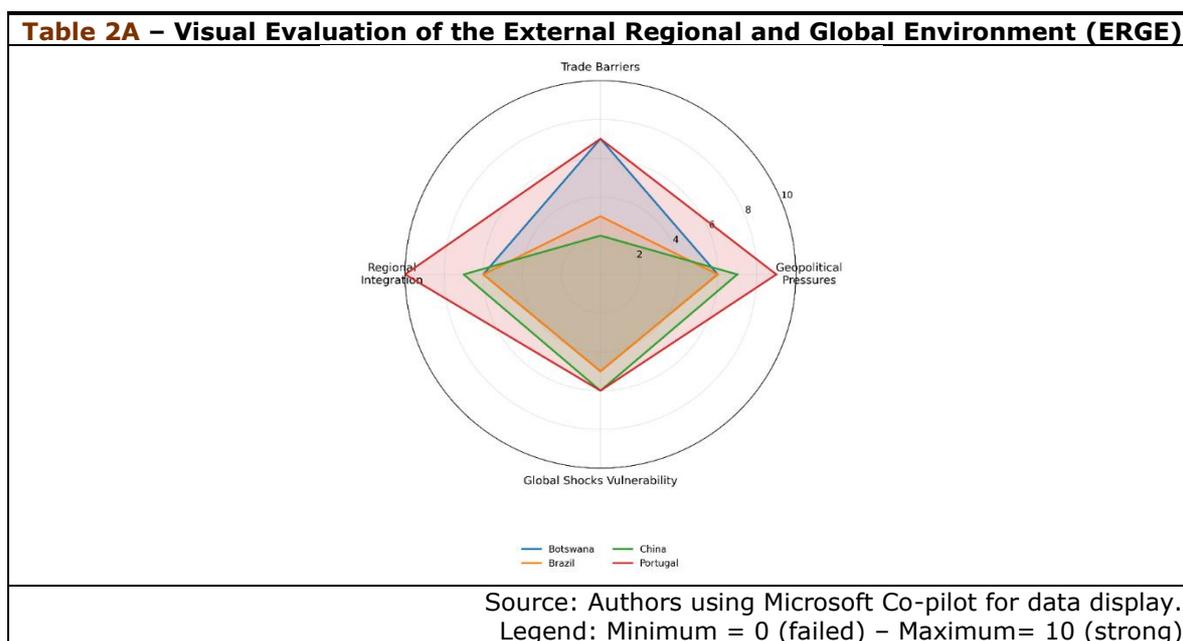
Our data comes from the ND-GAIN Index, which quantifies states' vulnerability to global shocks with readiness and resilience (ND-GAIN Index, 2025). Portugal (6.2) demonstrates the highest readiness and lowest vulnerability among the selection states. It is consistent with its developed economy and membership in the EU's support mechanisms. China (5.8) reflects the significant adaptive capacity due to its economic size and institutional strength. Especially for COVID-19, it also faces the challenges of both initial disruptions and subsequent external demand shocks. Brazil (4.7) and Botswana (4.9) score within the "Less Stable" range, and they reveal higher vulnerability due to factors such as economic structure and developmental constraints.



Based on the complete scoring data (Tables 2 and 2A), Portugal emerges as the strongest performer in managing the external regional and global environment, achieving the highest total score (32). Botswana (24) and China (22) demonstrate moderate resilience, while Brazil (20) appears relatively more vulnerable in this dimension. The scores indicate significant variation in national capacities to navigate external pressures, with Portugal showing notable strength in regional integration (10) and managing geopolitical pressures (9).

States	Botswana	Brazil	China	Portugal
Geopolitical Pressures	06	06	07	09
Trade Barriers	07	03	02	07
Regional Integration	06	06	07	10
Global Shocks Vulnerability	05	05	06	06
Total Score	24	20	22	32

Source: Authors



## Economic Resilience and Vulnerability (ERV)

### Economic Diversification

The next indicator of economic diversification is an important factor in the sustainable development for state's economy. Meanwhile, it is also important for analysing the stability of the state performance. Diversification of the markets and industries can minimise the strategic dependence on a single industry and foreign markets. The raw data we use is from the Global Economic Diversification Index as follows: China 8.6,



Portugal 3.6, Brazil 3.2, and Botswana 1.8 (Global Economic Diversification Index, 2025). We convert it according to our criteria. However, we think that Portugal's economy is specialised in interconnected, value-added services and manufacturing niches, which are deeply embedded in complex European supply chains. This structure provides inherent buffers of diversification to mitigate the vulnerability of economic crisis more than Brazil or Botswana. Therefore, we adjust its score to 5.0 for its performance. China receives a score of 8.6 because of its strategic industrial plan from the government and sustained upgrading within global value chains. However, Botswana's low score (1.8) shows the structural vulnerability due to its persistent dependence on diamond extraction.

### **Debt Sustainability**

The following indicator is the Debt sustainability, and we agree that it can reflect a state's capacity to deal with the balance between the public debt and fiscal flexibility. We choose the index of debt-to-GDP ratios from the World Population Review (World Population Review, 2025), and we use the Brunei (2.3%) and Sudan (272%) represent the extreme numbers to convert our selection state's performance from the scale of 0-10. Botswana's (9.1) score signifies its good fiscal management. Brazil and Portugal have a similar ratio of 76.5% with a score of 7.3. These governments consider fiscal flexibility relatively less. Specifically, Portugal is a member of the Eurozone, which can operate within a common monetary framework. This system can further limit its own independent currency and interest rate policies. Brazil also has the issue of high borrowing costs and economic volatility. China has a high ratio of 88.3% (6.8), which shows the role as a major global economy, where such debt levels could have broader systemic implications, with the opportunities to respond to market demand.

### **Informal Economy Size**

Informal economy size is an indicator of illegal economic activity within the control of governance. If the government cannot control well, then it has the possibility of leading to the fragility of the state due to poor management skills. Based on the raw data we find on the Informal Economy Sizes from World Economics, we convert the score from 0-10 for our framework (World Economics, 2025). China has the lowest level among the four states at (12.1%, 9.1). It reveals a formalised economic system with relatively strict rules from the government. It is related to the stronger institutional capacity. Especially for the extensive digital governance systems in China, to ensure a high rate of compliance. Portugal follows at (17.6%, 8), and this indicates a developed formal economy. As it has a mature regulatory framework within the EU economy framework. However, Botswana (28.7%, 6.6) and Brazil (33.4%, 5.8) reveal the large informal sectors, which have problems in areas such as tax collection and labour market regulation.



## Unemployment Rate

The next indicator is the unemployment rate from the World Population Review (World Population Review, 2025). Within the selected mid-range economies of these four states, there are significant structural divergences. Botswana's exceptionally high rate of (23.1%, 3.3) contrasts with the other three states, and it has profound structural challenges within its labour market, which can be linked to the economic diversification efforts and demographic pressures. Brazil (7.6%, 7.8) and Portugal (6.4%, 8.2) exhibit moderately elevated rates. Brazil currently has a labour market that reflects prevailing economic slack. This consistency can indicate challenges rooted in structural factors, such as a large informal sector. This informality creates a dual labour market, with the formal sector having insufficient job creation, and a large, low-productivity informal sector that acts as a buffer but does not generate good employment and social security. However, following the Eurozone debt crisis and COVID-19, Portugal implemented a series of labour market policies aimed at enhancing flexibility and job creation, especially for tourism and services. By contrast, China's notably lower rate of 4.6% (8.7) demonstrates relative labour market resilience. The Chinese labour market benefits from a large manufacturing industry with a dynamic service sector, which can gather a significant portion of the workforce. Additionally, state-led initiatives, such as vocational training programs to support the key employment groups.

Based on the complete data (Tables 3 and 3A), China demonstrates the strongest overall economic resilience with a total score of 34, excelling particularly in economic diversification (9) and maintaining a low unemployment rate (9). Portugal follows with a total score of 28, showing balanced performance across debt sustainability (7), informal economy size (8), and unemployment (8), though it reflects moderate diversification (5). Brazil ranks third with a score of 24, which performs well in unemployment (8) but exhibiting limited economic diversification (3). Botswana scores lowest (21), and it reveals a high reliance on narrow economic sectors (2) despite strong debt sustainability (9). The results highlight varied structural economic profiles, and China showing the most diversified and stable labour market. However, Botswana's economy appears most vulnerable due to its lack of diversification.

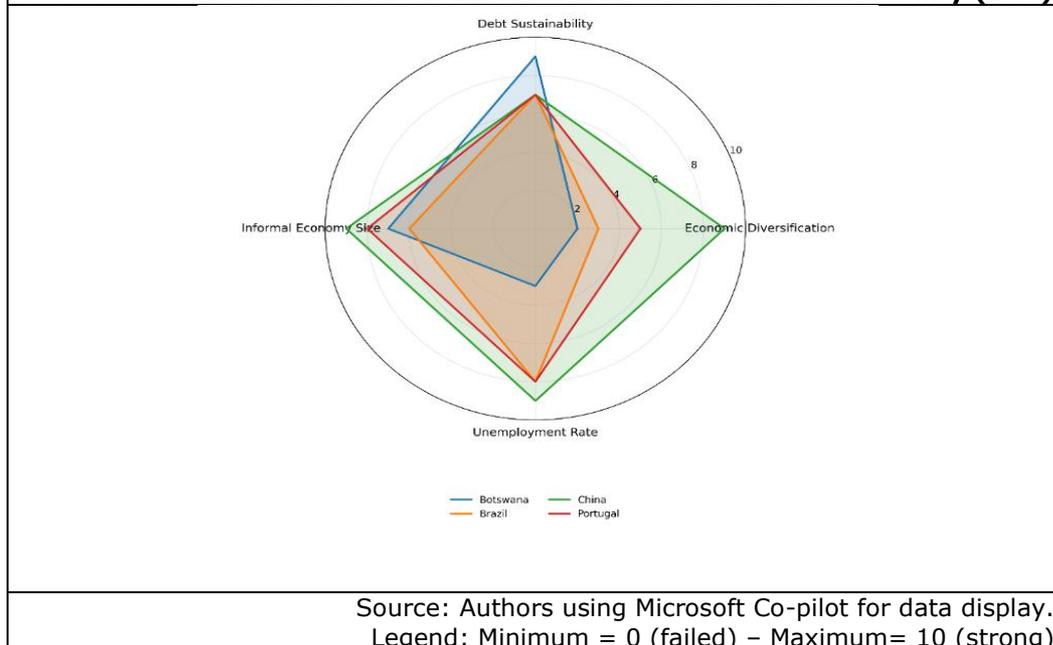
**Table 3 – Numerical Evaluation of Economic Resilience and Vulnerability**

States	Botswana	Brazil	China	Portugal
Economic Diversification	02	03	09	05
Debt Sustainability	09	07	07	07
Informal Economy Size	07	06	09	08
Unemployment Rate	03	08	09	08
Total Score	21	24	34	28

Source: Authors



**Table 3A – Visual Evaluation of Economic Resilience and Vulnerability (ERV)**



## Social Control and Legitimacy (SCL)

### Trust in Institutions

The indicator of trust in institutions, it demonstrates the level of trust from the public in the governmental sectors. However, there is no unified standard measurement to evaluate the state's performance. Thus, we employ a combination of several measurements with our perception. The data mainly from the Edelman Trust Barometer for China (77%, score 7.7) and Brazil (51%, score 5.1) (2025 Edelman Trust Barometer, 2025), and OECD data for Portugal (51.8%, score 5.2). (Trust in Government, 2025) Botswana is currently absent from the major indexes and surveys. Therefore, according to our evaluation, we give a score of 4.0 for this state. As the state is in a conditional trust paradigm for sustained democratic stability, with a strong anti-corruption policy. However, this indicator is closely related to the corruption and unemployment index, as this can lose the trust of the public. China (7.7) receives many trusts from the public, and it is because of the stable governance. Brazil (5.1) shows moderate but fragile trust, and it is constrained by informality and polarisation. Portugal (5.2) reflects cautious trust from the citizens, especially due to the distrust from the post-Eurozone crisis within the EU framework.

### Social Progress

The next indicator within this dimension is the social progress, and we put it here as it demonstrates the development of the society, which is crucial for citizens. We argue that the failure of the state is based on the perceptions of people. AITi Global Social Progress



Index (SPI) focuses on the non-economic aspects of society's well-being (Global Social Progress Index, 2025). We convert the raw scores to a 0-10 scale by using Sweden (90.75) and South Sudan (26.5) as the upper and lower benchmarks. Portugal has the highest score among the four states of 9.1 (SPI 84.63), and this aligns with the top-tier society atmosphere. Meanwhile, it also provides high-quality education, medical care and access to information. The other three states of Brazil (7.2), China (6.7), and Botswana (5.7) together to generate the cluster for their similar scores. All of them have met with the basic needs, but there is still room for improvement. Specifically, we assert that Brazil's score reflects the huge inequity in opportunity, such as educational accessibility and formal employment across different regions. China's position indicates considerable success in meeting material basics like food and shelter. However, it has shortcomings in environmental quality and aspects of personal freedom. Botswana's lower score highlights the gaps between the social status, particularly in advanced education and health management.

### **Civil Society Vibrancy**

The next indicator for our evaluation is the index of Civil Society Participation. Then we convert the raw data, the highest score of Norway and the lowest score of North Korea as benchmarks (Civil Society Participation Index, 2025). We transform the results of the group for Brazil (9.1), Botswana (8.9), and Portugal (8.2). We argue that their scores align with the vibrant civil society atmosphere. This high-level performance is ensured by the comprehensive legal protections. It can lead these organisations to act as a critical agency between the state and the citizens. However, China's score (2.1) places it in a different category compared with other states. This score is related to China's single-party system. Under the framework of the Communist Party's comprehensive leadership, it is constrained by the system of institutional guidance and legal regulation.

### **Freedom of Speech**

Upon the last indicator that we have just analysed, the next indicator we measure is the freedom of expression. (The Global Expression Report, 2025). We use North Korea (0) and Denmark (94) as the lower and upper benchmarks to give the score of our selection portfolio. Both Brazil (9.36) and Portugal (9.04) achieve nearly maximum scores out of 10 on the scale, and this indicates relatively complete legal protections in the public sphere. We found out that Brazil's high score benefits from the federal structure and political polarisation of the system of autonomy. Portugal's position aligns with the EU norms, which give attention to human rights and freedom. Botswana (8.19) also achieved the high score, and it reflects its relatively free media environment within the African context. This performance is consistent with its reputation for democratic stability. However, China's score (0.21) is exceptionally low. This is closely related to the geopolitical system, where there are some restrictions on the media and public discourse.



## Quality of Life

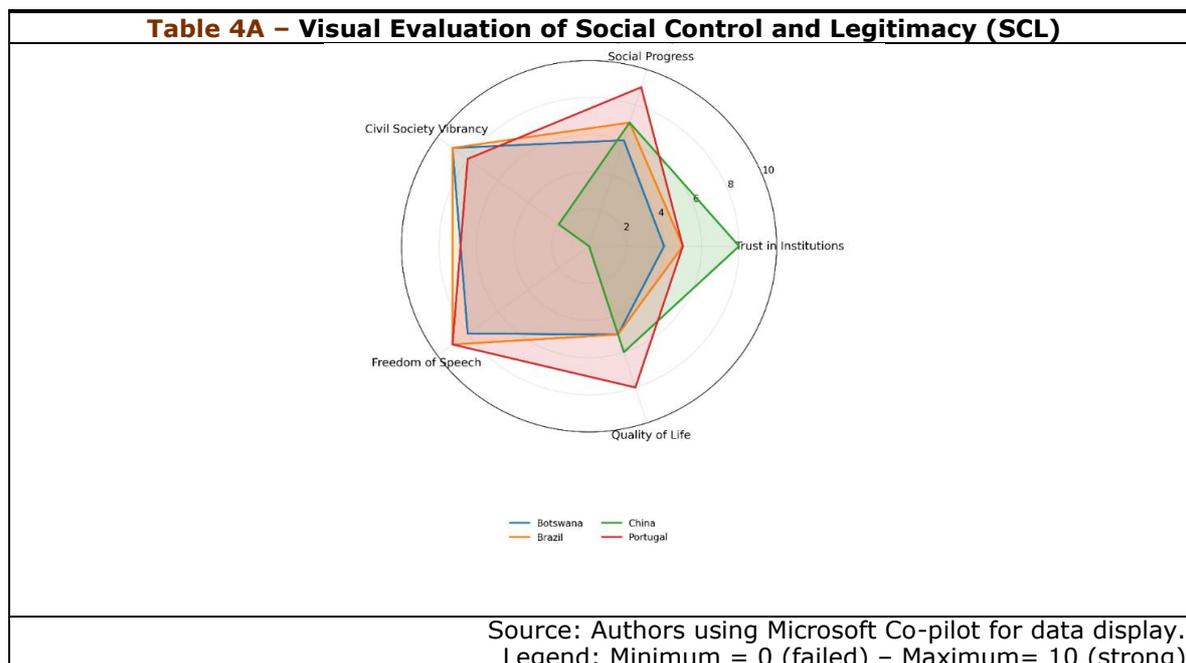
In order to draw a comprehensive analysis picture for the social development progress to link with the state fragility, we identify the original data from the quality-of-life index (NUMBEO, 2025). We later quantify the original figure framework from 0 to 10, and the number from Luxembourg serves as the top and Nigeria's score at the bottom of our grading. Portugal (7.6) stands in the upper position of the selection of states due to its location and membership in the EU. It shows that this state has a well-established system for welfare, which can further demonstrate the strong causal relationship between institutional development and system stability with the well-being. Then, China (5.5) is placed at the average position among all the states, and the score reveals its substantial progress in poverty, basic education, and healthcare access issues through the effort of the governmental strategic plan for each year. Although Botswana (5.1) and Brazil (5.0) have similar scores, they do not share similar regional contexts. We identify that the performance of Botswana is relatively good, especially in the Sub-Saharan African region, due to its effective management of diamond revenues and political stability. However, Brazil encounters the social issue of the middle-income trap. This is where inequality and institutional weakness constrain the improvements in living standards.

**Table 4 – Numerical Evaluation of Social Control and Legitimacy**

States	Botswana	Brazil	China	Portugal
Trust in Institutions	04	05	08	05
Social Progress	06	07	07	09
Civil Society Vibrancy	09	09	02	08
Freedom of Speech	08	09	00	09
Quality of Life	05	05	06	08
Total Score	32	35	23	39

Source: Authors

**Table 4A – Visual Evaluation of Social Control and Legitimacy (SCL)**





## **Monopoly of Violence and Territorial Control (MVTC)**

### **Presence of Non-State Armed Actors**

We argue that the presence of non-state armed actors serves as a critical indicator of internal security and state monopoly of violence, but there is no index to present the result. Regarding this indicator, we create our own evaluation based on the non-state armed groups and legitimacy from the state. Portugal (9) falls within the highest stability section. The state maintains an unchallenged monopoly on the legitimate use of force. The law enforcement and military institutions are robust, professional, and fully capable of maintaining internal order without contestation. China (9) is also positioned in the most stable category as the central government retains the power to control over territory through a comprehensive and unified security system, so the state demonstrates a high capacity to encounter any emergent armed challenges swiftly. Botswana (8) ranks within the stable range. It demonstrates good performance, especially in the African context of stability and controlling the territory with the state security forces. It faces the challenges of conventional crime rather than these organised armed actors. Brazil (5) is categorised as relatively stable, as there are several regions, particularly in remote areas, that have experienced significant influence from powerful drug cartels and organised crime factions. This shows a partial erosion of the state's monopoly on violence, and it positions Brazil in a distinctively more vulnerable position compared to the other three states.

### **Crime Rate**

If we look inside the society, it is important to evaluate the safety of the environment. The safety of the environment includes two parts: one is the crime rate, and the other is the police effectiveness rate, which we will demonstrate later. This crime rate analysis reveals a significant divergence among the four states for their internal governance efficiency and social cohesion (Crime Index by Country, 2025). China's (8.7) and Portugal's (7.3) scores are situated within the stable category, and it shows the relatively high living standards and the effective system for police to prevent people commit the crime. Especially for China, the high score is linked with its comprehensive and technological system to record and prevent the occurrence of crime. Conversely, Botswana (4.6) and Brazil (2.5) fall into the less stable category within our table. Botswana's score presents its high daily conventional crime that can damage the quality of living for people. Brazil's low score highlights systemic failure, especially for the state's fundamental inability to address violence with the ineffective rule of law in rural territories. In such regions, organised crime not only dominates security but also infiltrates local governance and economic activities.

### **Border Control and Mobility**

Based on our perceptual assessment with the fragility grading framework, the Openness Score (Openness Index, 2025) reveals the management efficacy among the four states. Portugal (9) is perceived as the most stable, as its effective control within a trusted



regional bloc within the EU, where borders facilitate safe movement. For instance, its borders benefit from the EU's integrated border management system, and it includes the coordinated operations under the Schengen framework. Besides, China (9) is also assigned a high score due to its demonstrated capacity for stringent sovereign control. This is evidenced by extensive technological surveillance infrastructure and highly regulated ports of entry. We argue that this score captures strong physical control for its visa policy, and meanwhile, we should also separate the score from the view of diplomatic openness. Botswana achieves a score of 6.5, as we think the official borders are managed effectively with standardised procedures and authority, which is a model for other states in Southern Africa. However, the 6.5 score critically accounts for persistent vulnerabilities such as the country's long border monitoring issue, and it leads to challenges such as informal cross-border trade, small-scale smuggling, and illegal migration. Brazil (4) highlights the significant gap between policy and actual border control. The vast Amazonian borders are notoriously permeable, and it provides opportunities for organised crime. State authority is selectively applied, with remote regions effectively outside full governmental control.

### **Military and Law Enforcers Effectiveness**

The military and law enforcement capacity scores for China, Portugal, Brazil, and Botswana are based on a normalized evaluation aligned with global defence rankings for 2026, such as the Global Firepower Index (GFP, 2026). We use the United States as the upper benchmark (10 points) and Bhutan as the lower baseline (0 points), and then we convert the score to the selection state. China (10) demonstrates a leading global military posture, and it is characterized by substantial defence expenditure, advanced technological modernization, and extensive strategic resources to ensure the significant power projection and territorial defence capabilities. Brazil (9) reflects a strong regional military presence in South America, with considerable personnel and conventional assets though its overall capacity. Portugal (8) represents a capable and professional defence force integrated within NATO structures. Although its relatively small in scale, its military benefits from high training standards, interoperability with allies. Botswana (4) illustrates a limited but functional military framework designed primarily for border security and domestic stability and it is constrained by its resource priorities.

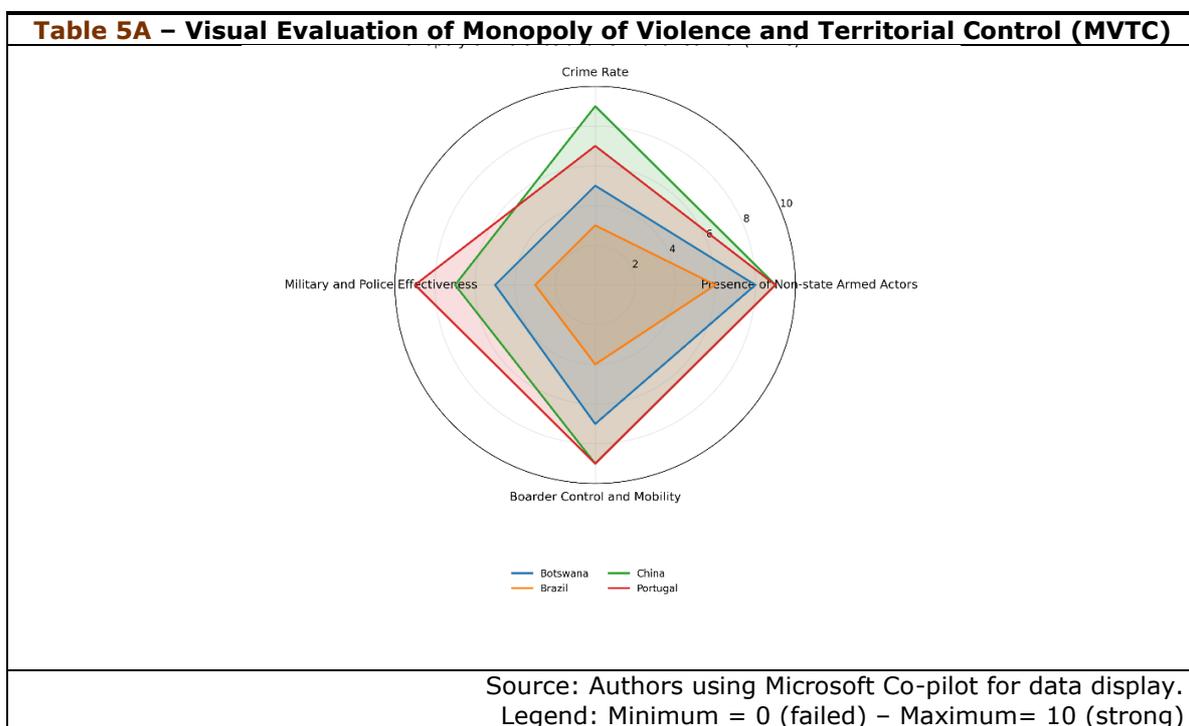
Based on the comparative evaluation (Tables 5 and 5A), China exhibits the strongest overall monopoly of violence and territorial control, reflected in uniformly high scores across all indicators, particularly in suppressing non-state armed actors and maintaining secure borders. Portugal also demonstrates a robust and effective system, characterized by strong law enforcement and border management. Botswana shows a moderate level of state authority but faces challenges in reducing crime and enhancing police effectiveness. In contrast, Brazil presents the most significant vulnerabilities, with notably low scores in crime rate and border control, indicating substantial challenges to its territorial authority and internal security despite a relatively higher institutional capacity score.



**Table 5 – Numerical Evaluation of Monopoly of Violence and Territorial Control**

States	Botswana	Brazil	China	Portugal
Presence of Non-state Armed Actors	08	05	09	09
Crime Rate	05	03	09	07
Boarder Control and Mobility	07	04	09	09
Military and Police Effectiveness	04	09	10	08
Boarder Control and Mobility	07	04	09	09

Source: Authors



## Governance and Institutional Strength (GIS)

### Public Service Delivery

Service delivery is an important form of action from the government to the citizens, and the service includes many kinds of them, such as the administrative registration, law enforcement and so on. Based on the Public Service Index data by the organisation of the Global Economy, we convert their data with the best score from Iceland (0.6) to 10, while the Central African Republic's 10 represents 0 in our evaluation grading (The Global Economy, 2025). Portugal's high score (8.1) reflects that the system is widely accessible, and it generally meets the requests from the citizens. China (5.5) in the band of relatively stable indicates the gap of the system between service quality and accessibility. Especially in the urban and coastal regions, they benefit from the relatively developed infrastructure and system. However, the rural areas experience gaps which make the system more complicated. Botswana's score (4) points to poor quality in basic service infrastructure and quality, despite its relative political stability. We argue that the public



dissatisfaction here is very obvious with services such as healthcare, water, and education's limitations. Brazil's score (3.3) draws our attention to the severe territorial and social inequalities, especially in public service access. In a major urban centre, it provides adequate services. However, in the rural regions with poor infrastructure, it cannot meet the basic needs of people.

### **Bureaucratic Capacity**

The next indicator is the Bureaucratic capacity, and we assert that it is a critical factor when evaluating the state's performance and resilience. However, there is a lack of a unified existing framework to evaluate the states' performance. Therefore, we create this grading based on our understanding of professionalism, procedural efficiency and the civil service system from the state. Portugal (8.5) shows a relatively strong system in the civil service in terms of competence and effective operations. This can be exemplified by its efficient platforms, such as the "*Empresa na Hora*" [*speedy corporation*] system, which enables company registration to be completed within a short period. China (7.0)'s bureaucratic capacity presents the top-down policy implementation process with the ability to execute the national projects efficiently. However, it has challenges with complex administrative procedures that depend on regions in terms of local governance. As Botswana's score of 5.5 indicates a system that its civil service maintains with basic operations, but it is struggled by procedural complexities such as the slow implementation and transparency. Moreover, Brazil's score of 4.5 reveals a gap that is affected by corruption and complex functionality. This systemic corruption frequently happens, and it cannot be managed well by civil servants.

### **Corruption Levels**

The assessment of corruption's impact on the state economy must address its political dimensions (Philp, 1997) because we believe that corruption in the governmental system can affect the state's stability. According to the corruption perceptions index from the transparency international (Corruption Perceptions Index, 2025), we conclude the scoring as Denmark's 90, with the maximum score of 10, and South Sudan's 8 as 0 in our framework. Portugal and Botswana achieve the same corruption index of 57, which corresponds to the score of 6 in our analysis. This score positions both states in the relatively stable category. It indicates that corruption is perceived as a common phenomenon in society. Although anti-corruption institutions and policies exist, their effectiveness is limited and insufficient. China achieves a corruption index of 43, and it converts the score of 4.3. It is positioned in the less stable section. This signifies that corruption has become a pervasive phenomenon and may act as a required approach to accessing public services. The score reflects that despite ongoing anti-corruption promotion from the government, the possibility of corruption persists across multiple sectors. Brazil receives the index of 34 with a score of 3.2 out of 10, which represents the lowest score among the four states. It clearly points to a deeper, institutionalised corruption. This indicates not only that corruption permeates all levels but also that public



resources are often used as instruments for corruption. From a historical perspective, there were several political corruption scandals makes the low trust from the public.

### Decentralisation and Local Governance

Decentralisation presents the potential to strengthen the state's cohesion to further enhance the state's stability. However, it also has the possibility of disintegration. We find this indicator is based on the figure from the rule of law and judicial independence of the World Justice Project (WJP Rule of Law Index, 2025). We convert the score with Denmark (0.9) sets as 10 and Venezuela (0.26) as the minimum number of 0. Portugal (6.4) represents the category of relatively stable states. This indicates the effective rule within the law framework of the judicial institutions. However, the score also suggests the difficulties, such as procedural delays and the gap between different places in the state. Botswana receives the score of 5.3, which represents a quite significant state in the Sub-Saharan African region. It reflects a basic legal system that maintains some degree of judicial independence. The limitations are in the judicial capacity, accessibility, and consistency in terms of service quality across regions. Brazil has a score of 3.8, and it highlights the widespread problems such as judicial inefficiency and corruption in the legal institutions, which can affect institutional trust. Although China (3.4) gets a similar score to Brazil, it reflects another issue with the central authority of the limited judicial independence among cities. Legal institutions in China are effective, but it does not have full autonomy at the regional level.

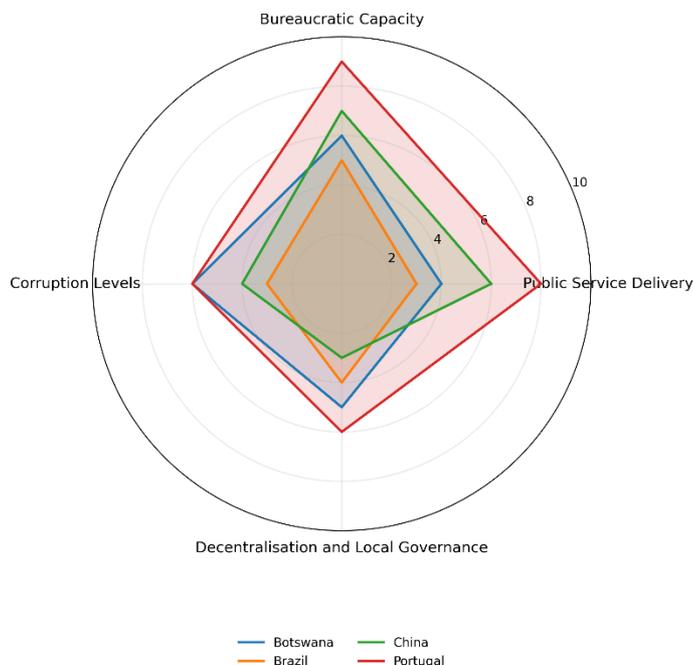
Based on the comparative assessment of governance and institutional strength (Tables 6 and 6A), Portugal demonstrates the strongest overall performance with a total score of 29, which reflects high-capacity public service delivery and bureaucratic effectiveness. China follows with a score of 20, characterized by substantial bureaucratic competence yet constrained by lower decentralization and corruption control. Botswana achieves a balanced profile with a score of 21, performing adequately in corruption control but showing limitations in service delivery. In contrast, Brazil records the lowest score of 15, indicating systemic institutional weaknesses, particularly in public service provision and integrity mechanisms. These results highlight distinct governance models, ranging from Portugal's service-oriented and institutionally robust system to Brazil's more vulnerable and uneven administrative framework.

States	Botswana	Brazil	China	Portugal
Public Service Delivery	04	03	06	08
Bureaucratic Capacity	06	05	07	09
Corruption Levels	06	03	04	06
Decentralisation and Local Governance	05	04	03	06
Total Score	21	15	20	29

Source: Authors



**Table 6A – Visual Evaluation of Governance and Institutional Strength (GIS)**



Source: Authors using Microsoft Co-pilot for data display.  
Legend: Minimum = 0 (failed) – Maximum= 10 (strong)

## Foreign Policy and International Agency (FPIA)

### Diplomatic Presence and Alliances

The combination of analysis on diplomatic presence and alliance is an indicator to show the linkage between the state and the world to ensure political legitimacy. This indicator is based on two quantifiable data from diplomatic networks and the multilateral engagement. The raw figure is from global diplomacy index from Lowy Institute (Lowy Institute Global Diplomacy Index, 2024). Based on the data, China receives a score of 10 out of the full score, which indicates a stable diplomatic network with a well-connected network in each region globally. In key arenas like climate change and global development agendas, it actively engages in comprehensive cooperation partnerships for its national interests and governance models. Although we argue that Portugal has the original score of 4.4, we have adjusted it to 9 in the most stable category. However, the European Union membership influences geopolitics. As Portugal's foreign policy is deeply embedded within the EU's Common Foreign and Security Policy, and it uses this rotating presidency and NATO membership to prioritise its critical influence, such as the EU-Africa strategic partnership. Both Brazil (7.5) and Botswana (2.5) have relatively less influence compared with China and Portugal, but it has demonstrated quite different patterns for the differences in the scores. As a regional leader, Brazil maintains a diplomatic network with a focus on Latin America and major global powers. Although it is a leading power



within Mercosur and BRICS, it lacks influence on other parts of the world, such as Asian and European states. Botswana concentrates on the key neighbouring states, such as South Africa, for resource allocation.

### **Soft Power and Diaspora Engagement**

Based on the definition of the soft power is defined as the cultivation of good relationships and attention between states through favourable policies, qualities, and actions (Gallarotti, 2011). We argue that soft power can play an important role in the stability of states, as soft power helps to secure a peaceful external environment for domestic development. Our evaluation of the score is based on the data from global soft power index of Brand Finance in 2025 (Global Soft Power Index, 2025). Portugal (5.3) shows its limitation on global influence, but it has influence in the European region because of its presidency of the European Union. Meanwhile, it gives a good example of culture and education within the Lusophone area and Southern Europe because of its rich heritage. China (8.9) ranks as the second state in the world for its soft power, and it shows major strengths in the sectors of business, education and cultural influence. Dominant platforms like TikTok that can reshape global media consumption, and companies like BYD in electric vehicles and Shein in fast fashion, demonstrate their competitive advantage in the global consumer market for China. Brazil (4.9) has a distinct and influential cultural influence in the region, especially for its culture. However, it also encounters challenges in governance, such as the issues with political instability, corruption scandals, and urban security problems, and these can also damage its international reputation. Botswana (1.8) has a positive reputation for governance within its region in Africa, which also shows the limitation for the other parts of the world. Basically, due to the limitation of the geopolitical influence, the state does not have major global brands and a large engaged diaspora. This results in a vague international image without the relative soft power leverage.

### **Ability to Shape and Respond to International Norms**

There is tremendous power in a settled norm (Axelrod, 1986), and we believe that norm is crucial for a state to legitimise its authority for stability. Therefore, we create an evaluation criterion for indicating the stability and norm performance. China (9)'s score reflects its position as a global leading player in the contemporary international order. As a permanent member of the United Nations Security Council, it demonstrates a high capacity in formulating international rules and norms, such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank. Furthermore, it strategically uses the international forums to protect and expand its own interests, especially in the domains of digital governance, cybersecurity, and climate diplomacy. These engagements make it a stable agenda-setting power globally. Brazil (7) is classified as a proactive and influential participant of the multilateral system. It is good at leveraging the existing institutions to secure its own state interests, such as the agricultural trade in the World Trade Organisation. We argue this score is recognised for the role of the constructive regional leader with limited influence, the norms and regulations in a specific context,



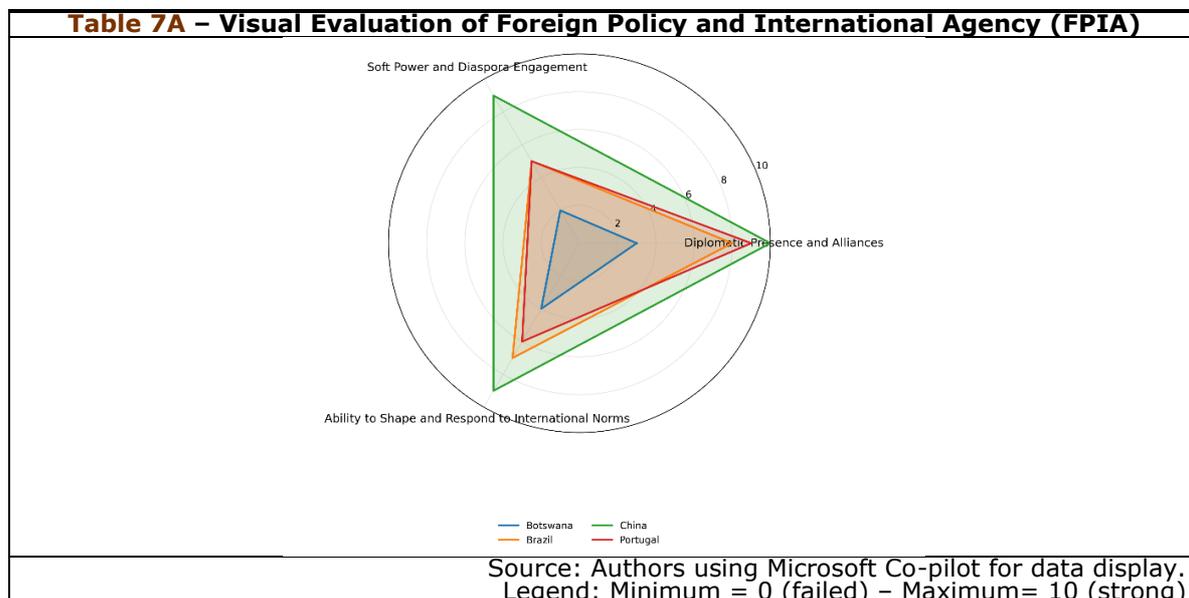
such as the principle of “common but differentiated responsibilities” in the climate change agenda meeting. Portugal (6) signifies its status as a relatively stable actor within a rules-based order shaped primarily by others, especially the European Union. As a member of the European Union and NATO, Portugal's foreign policy is deeply embedded in its framework, so we usually treat Portugal as an EU member state. We argue that Portugal participates actively in international organisations, but its influence is selective as it possesses limited discourse power compared with the other EU states. Its normative contribution is mainly within the Community of Portuguese Language Countries due to its colonial history. We argue that Botswana (4) is a rule-taker rather than a regional power to shape the rules and norms in the region of Africa. The diplomacy of the state is concentrated on core interests, especially for its resources. Based on the evaluation of foreign policy and international agency (Tables 7 and 7A), China exhibits the most substantial global influence with the highest total score of (28) across all indicators. Portugal and Brazil are tied in total score (20) Portugal demonstrates strong diplomatic alliances (9) but more moderate soft power (5). While Brazil shows a balanced capacity with notable strength in shaping international norms (7). Botswana, with the lowest aggregate score (9), reflects limited international agency, especially in soft power and diaspora engagement (2).

**Table 7 – Numerical Evaluation of Foreign Policy and International Agency**

States	Botswana	Brazil	China	Portugal
Diplomatic Presence and Alliances	03	08	10	09
Soft Power and Diaspora Engagement	02	05	09	05
Ability to Shape and Respond to International Norms	04	07	09	06
Total Score	09	20	28	20

Source: Authors

**Table 7A – Visual Evaluation of Foreign Policy and International Agency (FPIA)**



Source: Authors using Microsoft Co-pilot for data display. Legend: Minimum = 0 (failed) – Maximum= 10 (strong)



## Conclusion

This study employs a comparative case analysis using a multidimensional analytical framework to examine and assess the concept of state fragility across four cases: Botswana, Brazil, China, and Portugal. These states were selected due to their distinct political systems and differing geopolitical positions, which together provide a valuable basis for illustrating variations in state stability. By comparing cases with diverse institutional arrangements and international roles, the analysis seeks to demonstrate how fragility and stability manifest across different state contexts.

The framework is constructed around six interrelated dimensions: external adaptability; economic and social resilience; social control and legitimacy; monopoly of violence; governance efficacy; and international agency. Based on this comparative assessment, we define a “strong state” as one that scores the maximum value (10) across all indicators, while a “weak state” is defined as one that scores the minimum value (0). State fragility is conceptualized as a condition situated between these two ideal types, reflecting varying degrees of institutional capacity and vulnerability.

Within this analytical framework, a strong or stable state is characterized by high levels of resilience, adaptability, and effectiveness in the operation of its domestic institutions. In a rapidly changing international environment, states are increasingly exposed to external shocks and pressures. The capacity to anticipate, manage, and respond to such pressures is therefore central to maintaining systemic stability and avoiding institutional breakdown. This adaptive capacity is closely linked to state fragility: the more effectively a state manages internal and external challenges, the lower its level of fragility.

Among the four cases examined, Portugal emerges as the closest approximation to a stable state (Table 9). Its membership in the European Union and NATO provides institutional safeguards against geopolitical shocks, as well as access to broader markets and security guarantees. EU membership has also contributed to a diversified and relatively balanced economy, a sustainable debt profile, high employment levels, and an overall high quality of life. While instances of corruption exist, they do not appear to be systemic within the civil service, indicating relatively effective rule of law and institutional enforcement. In terms of international agency, Portugal maintains an extensive diplomatic network, representing both national interests and those of the European Union. Although its global influence remains limited, Portugal acts as a constructive participant within the international normative framework and plays an active regional role, particularly within the Community of Portuguese Language Countries, especially in areas related to economic cooperation and educational exchange.

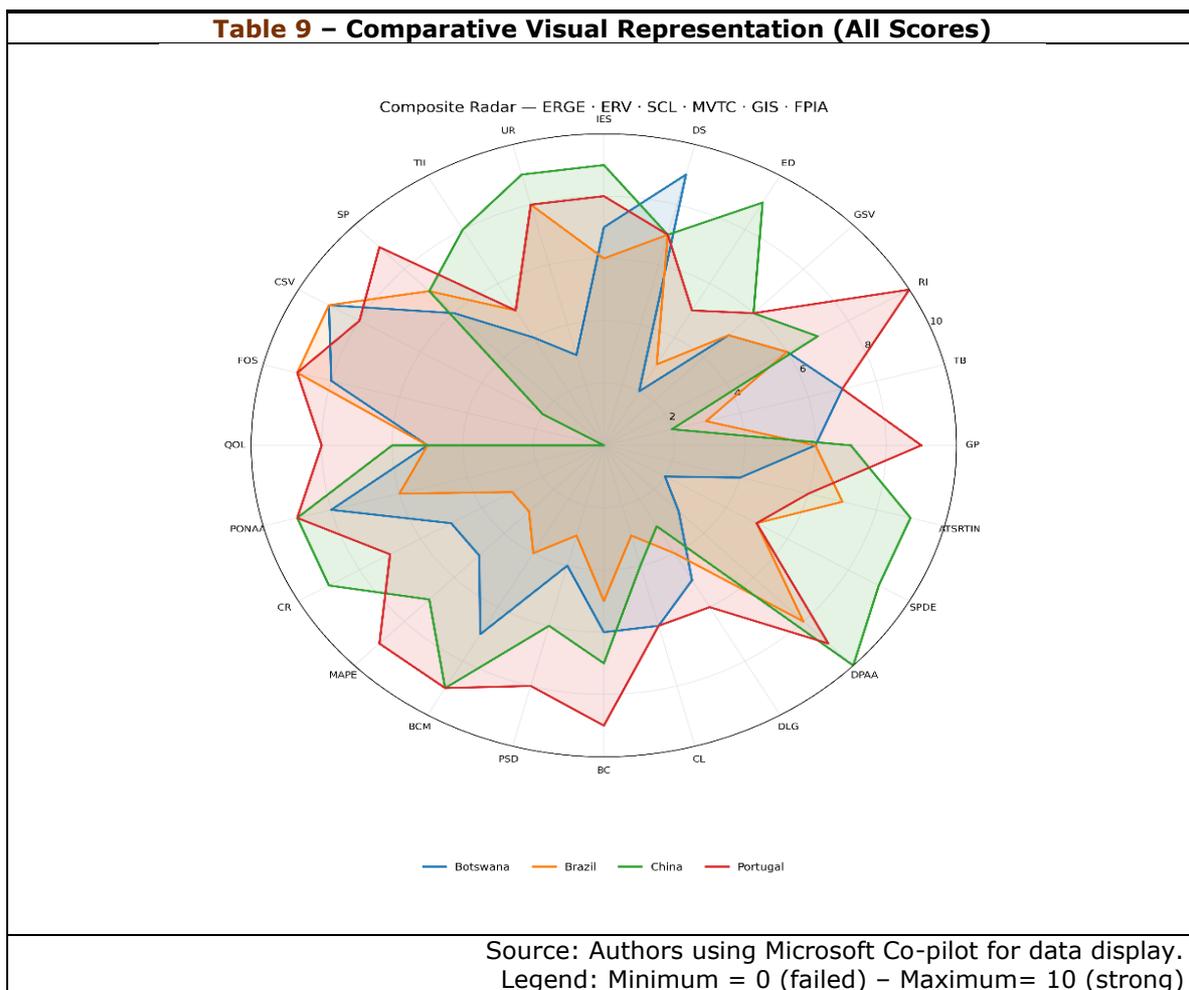
By contrast, the concept of a weak state refers to a political system that experiences severe failure and incapacity across multiple dimensions of the analytical framework. Such states are typically unable to perform basic sovereign functions, often as a result of sustained domestic pressures and loss of territorial control. However, none of the four selected cases fully corresponds to this ideal-type category. In general terms, a weak state is characterized by chronic instability, frequent territorial disputes, and an economy dominated by monopolistic actors closely linked to political elites. Corruption within governmental institutions undermines service provision, leading to dysfunction in basic



public sectors. Furthermore, the state lacks effective control over violence, with non-state armed actors playing a significant role and international intervention - often through organizations such as the United Nations - becoming necessary. Diplomatic isolation and the absence of stable alliances further reduce international agency, rendering such states largely passive recipients of externally driven negotiations.

Building on these conceptual benchmarks, this study defines state fragility as a condition in which a state lacks the legitimacy and capacity required to function effectively while withstanding both external pressures and internal challenges. Fragility should be understood as an evaluative indicator of potential risk to overall systemic stability rather than as evidence of state failure per se. Importantly, fragility does not imply the imminent collapse of the state; rather, it signals an increased probability of crisis arising from limited institutional capacity to respond effectively to shocks and stresses.

**Table 9 – Comparative Visual Representation (All Scores)**



As this study conceptualizes fragility and stability as phenomena grounded in societal perceptions, we developed an evaluative framework to illustrate variations in state performance across selected dimensions. This framework, however, is subject to



important limitations inherent in multidimensional measurement approaches. In particular, the choice of indicators reflects our analytical understanding of state functionality and may insufficiently capture the historical trajectories through which states have evolved.

Moreover, it is important to emphasize that no state can be classified as either entirely strong or entirely weak. State development is a dynamic and ongoing process, and any assessment of fragility represents a temporally situated snapshot rather than a definitive or permanent outcome. Each state's fragility profile is closely shaped by its specific historical, political, and social context, underscoring the fact that states do not begin from a common baseline nor follow identical developmental paths.

By examining four analytically diverse cases, our objective is not to rank states along a single continuum of fragility, but rather to generate a broader understanding of how fragility manifests across different contexts. The selected dimensions and indicators function as heuristic tools intended to clarify the concept, rather than as exhaustive or deterministic measures. Consequently, underperformance in any single indicator or dimension should not be interpreted as rendering a state wholly fragile, but rather as highlighting specific areas of vulnerability within an otherwise complex and evolving state structure.

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## **BRAZIL'S ECONOMIC COMPLEXITY: A COMPARATIVE ANALYSIS ACROSS GLOBAL POWERS AND THE GLOBAL SOUTH**

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## Abstract

As the world's tenth-largest economy, Brazil has witnessed a marked and sustained decline in its economic complexity over the past three decades. This downward trajectory presents significant challenges to the country's ambition of assuming a more influential role in global economic governance. Despite Brazil's structural potential and geopolitical relevance, it continues to face considerable obstacles in its transition towards high-income status. This study addresses the following research question: How has Brazil's economic complexity evolved in relation to major global powers and the Global South? What factors have led to the continuous decline in Brazil's economic complexity? To explore this, we adopt a comparative methodology that examines Brazil's economic trajectory alongside both leading global economies and prominent actors within the Global South. Using the Economic Complexity Index (ECI) as the principal analytical framework, the research identifies critical development gaps and strategic opportunities. Through case studies and cross-national comparisons, our findings demonstrate that, despite notable political efforts to enhance Brazil's economic complexity, the country has yet to establish the necessary conditions to reverse its long-standing decline. Brazil remains in an intermediate position, lacking the technological sophistication and export diversification that typify high-complexity economies. These insights underscore the urgent need for targeted industrial policies, innovation-led strategies, and institution reforms, providing policy guidance for Brazil to reposition itself within the global economic hierarchy and advance its development agenda.

## Keywords

Economic Complexity, Brazil, Economic diversification, Global south, Economic Complexity Index (ECI).

## Resumo

Sendo a décima maior economia do mundo, o Brasil tem registado, ao longo das últimas três décadas, um declínio marcado e sustentado na sua complexidade económica. Esta trajetória descendente coloca desafios significativos à ambição do país de assumir um papel mais influente na governação económica global. Apesar do seu potencial estrutural e da sua relevância geopolítica, o Brasil continua a enfrentar obstáculos substanciais na sua transição para o estatuto de país de alto rendimento. Este estudo responde às seguintes questões de investigação: Como tem evoluído a complexidade económica do Brasil em relação às grandes potências globais e ao Sul Global? E quais os fatores que explicam o declínio contínuo da complexidade económica brasileira? Para tal, adotamos uma metodologia comparativa que examina a trajetória económica do Brasil paralelamente às economias globais líderes e a atores proeminentes do Sul Global. Recorrendo ao Índice de Complexidade Económica (ECI) como principal enquadramento analítico, a investigação identifica lacunas críticas de desenvolvimento e oportunidades estratégicas. Por meio de estudos de caso e comparações transnacionais, os resultados demonstram que, apesar de esforços políticos significativos para aumentar a complexidade económica do Brasil, o país ainda não estabeleceu as condições necessárias para reverter o seu declínio persistente. O Brasil permanece numa posição intermédia, sem a sofisticação tecnológica e a diversificação exportadora que caracterizam economias de elevada complexidade. Estas conclusões sublinham a necessidade urgente de políticas industriais direcionadas, estratégias baseadas na inovação e reformas institucionais, oferecendo orientações de política pública que permitam ao Brasil reposicionar-se na hierarquia económica global e avançar a sua agenda de desenvolvimento.



### **Palavras-chave**

Complexidade Económica, Brasil, Diversificação Económica, Sul Global, Índice de Complexidade Económica (ECI).

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## **BRAZIL'S ECONOMIC COMPLEXITY: A COMPARATIVE ANALYSIS ACROSS GLOBAL POWERS AND THE GLOBAL SOUTH<sup>1</sup>**

**XIAN ZHANG**

**FRANCISCO JOSÉ B. S. LEANDRO**

**ARTHUR DE DIEGO GARRIDO VIEIRA**

### **Introduction**

The Federative Republic of Brazil is widely recognized as a regional power and a foundational member of the BRICS+ coalition (Esteves & Coelho, 2025). It maintains a robust and strategic engagement with the Global South, positioning itself not only as an integral actor within this geopolitical bloc but also as a regional leader with aspirations for greater influence in the global economic system (Heine, 2025). In both contexts - regional leadership and global ambition - Brazil's status as an economic powerhouse is a critical determinant of its international standing (Bernal-Meza, 2019). Therefore, in order to anticipate Brazil's potential trajectory within the global economic arena, it is essential to analyze its development through the lens of comparative economic complexity, which offers valuable insights into the sophistication, diversity, and resilience of its productive capabilities.

Economic complexity captures the depth of productive knowledge embedded within a nation's economy, as evidenced by the diversity and sophistication of its export portfolio - an indicator considered a strong predictor of long-term economic growth (Romero et al., 2022). This type of embedded knowledge is tacit, context-specific, and difficult to transfer across borders, making economic complexity a key driver of sustained development and structural transformation (Teixeira, Missio & Dathein, 2022).

The Economic complexity index (ECI) has demonstrated considerable predictive power in forecasting future GDP growth. Mealy et al. (2019) observe that "countries that increase their economic complexity tend to experience higher future income growth," underscoring the ECI's strategic relevance for policymakers. Similarly, Hidalgo and Hausmann (2009) argue that "economic complexity is a better predictor of income levels than many other commonly used indicators." This correlation stems from the inherent

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adaptability and resilience of complex economies, which are better equipped to absorb global shocks, reallocate production, and foster innovation.

Moreover, economic complexity acts as a catalyst for technological advancement and industrial diversification. As Hidalgo (2021) emphasizes, "the accumulation of capabilities enables countries to move into more sophisticated industries." This process enhances productivity, generates higher-value employment, and contributes to inclusive and sustainable economic development.

As of 2023, the world's ten largest economies by gross domestic product - namely, the United States of America (USA), China, Germany, Japan, India, the United Kingdom (UK), France, Italy, Canada, and Brazil - exhibit considerable variation in economic complexity, as measured by the ECI. Japan ranks highest with an ECI of 2.43, reflecting its advanced manufacturing base and technological sophistication (Hausmann et al., 2014). Germany follows with an ECI of 2.01, underscoring its global leadership in engineering and industrial exports. The UK (1.81), USA (1.51), and China (1.47) also demonstrate high levels of complexity, driven by diversified and technologically advanced export structures. France (1.26) and Italy (1.40) maintain moderate economic complexity, benefiting from strong industrial sectors and globally competitive luxury goods industries. In contrast, Canada (0.29) and India (0.45) exhibit lower complexity, indicative of a greater reliance on natural resource exports and less diversified production capabilities. Brazil, with an ECI of -0.16, ranks lowest among the top ten economies, highlighting its dependence on commodity exports and limited industrial diversification. These disparities in economic complexity have significant implications for long-term growth trajectories and resilience to global economic shifts.

The ECI, developed by Hidalgo and Hausmann (2009), measures the diversity and sophistication of a country's productive capabilities by analyzing the range and complexity of its export products. Countries with higher ECI scores tend to possess more advanced knowledge systems and institutional capacities, enabling them to innovate, adapt to shifting global market dynamics, and sustain inclusive economic development. The most effective institutional capacities are (Vu, 2022; Araujo, Azevedo & Ferreira, 2025): 1) Robust research and development (R&D) infrastructure, supported by universities and public research institutions; 2) Efficient regulatory frameworks that facilitate entrepreneurship and protect intellectual property; 3) Strategic industrial policies that promote high-value sectors and incentivize technological adoption; 4) Skilled labor force development, through vocational training and higher education aligned with industry needs; 5) Public-private partnerships that foster collaboration in innovation and export promotion; 6) Strong governance and coordination mechanisms, ensuring policy coherence across ministries and agencies.

Empirical studies have demonstrated that economic complexity is strongly correlated with future GDP growth. For instance, Albeaik et al. (2017) found that a one standard deviation increase in an improved version of the index (ECI+) is associated with a 4–5% increase in annualized economic growth, even when controlling for physical capital, human capital, and institutional quality. Similarly, Yıldırım (2021) shows that productivity estimates derived from complexity metrics align closely with country-level indicators such



as GDP per capita, human capital, and governance quality, reinforcing the predictive power of ECI for long-term development trajectories. Moreover, the multidimensional approach to economic complexity - incorporating trade, research, and technological outputs - provides a more comprehensive framework for forecasting growth. According to the Observatory of Economic Complexity(2025), countries with higher ECI scores are expected to outperform their peers in terms of GDP per capita growth over the next decade, with Brazil, for example, projected to grow at an annual rate of 2.97% due to its increasing complexity.

This study adopts a comparative approach to examine Brazil's economic trajectory, positioning it relative to major global powers and leading economies within the Global South. Using the framework of economic complexity, it identifies key gaps and opportunities in Brazil's development strategy, with implications for its future role in the global economic order.

Economic complexity offers a valuable lens for assessing a country's developmental potential, capturing both its current production structure and the underlying capabilities needed for diversification and innovation. As Hausmann et al. (2014) note, "*economic complexity reflects the amount of productive knowledge in a society*" while Mealy et al. (2019) find that increases in complexity are strongly associated with future income growth. The central aim of this study is to provide empirical evidence that can support low-ECI countries in formulating targeted industrial policies. By highlighting the link between productive capabilities and long-term growth, the research underlines the importance of strategic investment in education, infrastructure, and innovation systems to foster structural transformation and inclusive development.

## Literature Review

The influential contribution of Hidalgo and Hausmann (2009) introduced a novel analytical framework for assessing national economic development through the composition of export baskets. Rather than evaluating exports solely by volume, their approach emphasizes the diversity and sophistication of exported products, encapsulated in the ECI. This index quantifies the embedded productive knowledge within an economy, offering a robust metric for what development economists have traditionally recognized qualitatively: sustainable economic growth necessitates the accumulation of layered productive capabilities and institutional competencies (Felipe et al., 2012).

Central to this framework is the "product space" concept (Hidalgo et al., 2007), which represents a global network where complex products occupy densely connected core positions, while simpler goods remain in sparsely connected peripheral areas. This structural configuration reflects path dependence in industrial upgrading: countries find it easier to move into products that are closely related to their existing capabilities. The ECI aggregates the complexity of a country's export portfolio, and nations with higher scores are better positioned to diversify into more sophisticated products, creating a self-reinforcing cycle of development. (Hidalgo & Hausmann, 2009). This dynamic underscore the strategic importance of fostering complexity in national production systems, as it



facilitates entry into the dense core of the product space and promotes long-term economic resilience and growth.

Brazil serves as a salient example of the constraints imposed by capability traps within the framework of the product space. Empirical evidence suggests that economic complexity exerts a significant positive influence on micro-regional economic growth (Morais et al., 2021; Teixeira et al., 2022; Mewes & Broekel, 2022). Brazil's Economic Complexity Index (ECI) has shown no significant progress between 1995 and 2020, accompanied by a relative decline in its global ranking. This stagnation and relative setback in complexity evolution reflect the structural obstacles Brazil faces in industrial upgrading and technological deepening. Andreoni & Tregenna (2020) further argue that Brazil has experienced premature deindustrialization and has failed to achieve sustained technological upgrading through effective industrial policy, making it a typical case of being caught in a "middle-income technology trap." Closer examination reveals that the manifestation of Brazil's complexity trap is not uniform across its territory. Recent studies indicate that increases in economic complexity do not uniformly translate into regional economic growth, thereby exposing limitations in the applicability of complexity theory at the sub-national level (Cardoso et al., 2024; Morais et al., 2021). These findings underscore the need for a more nuanced understanding of how productive capabilities are distributed and mobilized within a country, particularly in large, diverse economies such as Brazil. They also highlight the importance of incorporating spatial and sectoral heterogeneity into analyses of economic complexity, as national-level metrics may obscure critical regional disparities in development potential.

This study addresses key gaps in the literature on economic complexity, particularly in the context of Brazil. While the relevance of economic complexity for national development and industrial upgrading is well established, three critical gaps remain.

First, there is a methodological comparative gap. Much of the foundational work on economic complexity - such as the ECI and product space framework - has been applied primarily to industrialized or export-oriented Asian economies. As a result, large, resource-rich emerging economies like Brazil remain underexplored in comparative analyses.

Second, a spatial and regional heterogeneity gap persists. Although Brazil is often cited as a case of the middle-income trap, existing studies rarely account for internal disparities across its diverse regions. National-level metrics may obscure significant sub-national variations in industrial structure, institutional capacity, and innovation ecosystems.

Third, a data gap is manifest. Much of the literature relies on datasets predating 2014, which may not reflect Brazil's current economic structure or recent shifts in trade, technology, and regional development policy. Updated empirical analysis is needed to capture these changes and assess their implications for economic complexity.

This study focuses on addressing the first and third gaps by offering a comparative analysis of Brazil's economic complexity and incorporating more recent data to better understand its evolving industrial capabilities.



## Methodology

This study adopts a mixed-method design to examine the dynamic complexity of the Brazilian economy through a two-stage analytical integration. The first stage employs a quantitative approach to map macro-level trends, while the second stage incorporates qualitative analysis to contextualize and explain these patterns.

The initial quantitative phase analyzes Brazil's ECI rankings, trade volumes, and structural indicators alongside major global powers and selected Global South economies for the period 2018–2023. This stage systematically identifies Brazil's relative position and trade performance trajectories. However, quantitative data alone cannot uncover the underlying mechanisms driving these trends. Therefore, specific findings - such as episodes of declining complexity, increased reliance on primary commodities, or export performance gaps relative to comparator economies - inform the second, qualitative stage. These findings shape guiding questions for the collection and interpretation of academic literature, historical accounts, and Brazilian policy documents. This approach enables the qualitative analysis to explain how observed trends emerged and to explore associated policy frameworks, structural constraints, and historical pathways.

By integrating macro-level statistical evidence with in-depth contextual interpretation, the study seeks to provide a comprehensive understanding that transcends the limitations of single-method approaches. This dual strategy ensures that conclusions are both empirically grounded and enriched by historical and policy insights, offering a nuanced explanation of the factors behind Brazil's declining economic complexity.

Furthermore, comparative analysis is consistently employed throughout. Given Brazil's aspirations for greater influence in the global economic system, its trajectory is most meaningful when assessed relative to major powers and other Global South economies. Comparative inquiry also facilitates the identification of lessons from countries that have successfully diversified their economic structures. While each nation exhibits unique characteristics, examining their strategies and outcomes provides a valuable framework for understanding the challenges and opportunities inherent in Brazil's pursuit of a more sophisticated and diversified economic model.

## Brazil and the Global Economies

Despite its status as one of the world's ten largest economies by nominal GDP (IMF, 2025), - behind Canada and ahead of Russia Federation - Brazil has experienced the steepest ECI drop among its peer nations over the past three decades, revealing a paradox of high gross domestic product coexisting with low productive sophistication. This trend reflects Brazil's overreliance on commodity exports and its limited capacity to internalize and build upon high-complexity imports. The stagnation and subsequent decline in export sophistication signal a weakening of the country's underlying productive capabilities.

Figure 1 presents a comparative analysis of Brazil and ten major global economies - namely, the USA, China, Germany, Japan, India, the UK, France, Italy, Canada, and

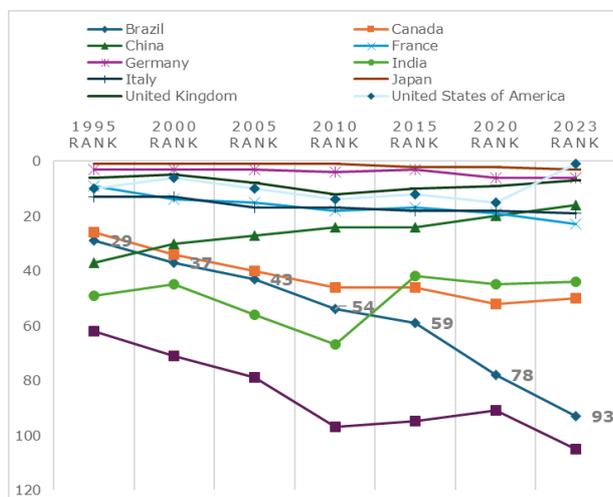


Australia - in terms of their ECI between 1995 and 2023. The figure illustrates Brazil's relative position in product complexity rankings over time, highlighting its persistent underperformance within this group. Since 1995, Brazil has consistently ranked third from the bottom among these economies, initially occupying the 29th position globally. Between 1995 and 2000, it was overtaken by China, and between 2010 and 2015, by India - both countries that have significantly improved their economic complexity through targeted industrial and innovation policies. The decline in Brazil's relative complexity became more pronounced from 2015 to 2023, with the gap between Brazil and its peers widening substantially. Notably, Brazil has remained only marginally ahead of Australia, a country traditionally characterized by its agricultural export base and relatively low complexity. However, the gap between the two has steadily narrowed, underscoring Brazil's stagnation in productive knowledge accumulation.

Brazil's deterioration in ECI rankings can be largely attributed to its overreliance on primary commodities, which imposes structural constraints on the development of more sophisticated productive capabilities. As shown in Table 1, Brazil's export profile remains heavily concentrated in low-complexity goods. Energy minerals, including crude petroleum, are primarily exported to the US, India, and China. Soybeans - Brazil's largest export by volume - are predominantly shipped to China, while metallic ores are traded with China, Japan, France, and Germany.

These commodities are consistently classified among the bottom five products in terms of complexity (Hausmann et al., 2014), as they require a relatively narrow base of productive knowledge and involve limited inter-sectoral linkages. This export structure reflects a limited diversification of Brazil's industrial capabilities and contributes to its stagnation in economic complexity. The dominance of low-complexity exports not only constrains innovation and value-added production but also limits Brazil's ability to transition toward a more knowledge-intensive and resilient economic model.

**Figure 1. Comparison Between Brazil and the Major Global Economies (ECI)**



Source: Authors, based on Harvard Kennedy School, atlas of Economic Complexity Rankings.



We also notice Brazil has formed a three-level industrial chain externalization through exports of soybeans (raw materials), soybean oil (edible oil), and soybean meal (feed protein). Among them, soybeans dominate trade with China, while soybean meal enjoys a competitive edge in the European market. These three products are in the high proximity area within the product space and a typical case of path-dependent upgrade. However, this industrial chain is still located in the sparse peripheral area of the product space (agricultural cluster), far away from highly complex industries. While the total export volume to these nine countries shows a fluctuating increase, this growth is overwhelmingly driven by raw materials and agricultural products that need minimal productive knowledge and little intricate interaction, makes its economic complexity difficult to evolve. In contrast to Brazil's declining export sophistication, the country's import profile is increasingly dominated by high-complexity goods from advanced economies.

**Table 1. Brazil's Exports by Top Economies by GDP (2018–2023, Billions USD)**

Trading Partner	Total Trade Volume						Major exported products	
	2018	2019	2020	2021	2022	2023	2018	2023
<b>USA</b>	29.00	29.80	21.70	31.90	36.40	35.10	Gas turbines (1.93), Semi-finished iron (2.08), Aircraft/spacecraft (2.06)	Crude petroleum (4.78), Semi-finished iron (1.68), Aircraft/spacecraft (1.67)
<b>China</b>	64.10	63.60	68.10	88.20	90.20	105.00	Soybeans (27.20), Iron ore (11.00), Crude petroleum (14.40)	Soybeans (38.90), crude petroleum (19.80), iron ore (19.70)
<b>Germany</b>	5.52	5.21	4.64	5.62	7.58	6.40	Coffee (0.75), Soybean meal (0.49), Gas turbines (0.35)	Coffee (1.07), Soybean meal (0.97), Copper Ore (0.90)
<b>Japan</b>	6.46	7.14	6.08	6.51	7.35	9.32	Iron ore (2.90), Poultry meat (0.71), Coffee (0.33)	Iron ore (3.31), Poultry meat (0.94), Corn (1.49)
<b>India</b>	4.23	2.96	3.04	4.93	6.49	4.91	Crude petroleum (1.16), Raw sugar (0.54), Soybean oil (0.54)	Soybean oil (1.30), Raw sugar (1.23), Crude Petroleum (0.67)
<b>UK</b>	3.12	3.14	2.66	3.20	4.02	3.68	Gold (0.76), Soybeans (0.16), hydrogen (0.16)	Gold (0.45), Soybeans (0.34), Other prepared meat (0.25)
<b>France</b>	2.98	2.92	2.17	2.62	3.66	3.06	Soybean meal (0.58), Iron ore (0.43), Sulfate chemical woodpulp (0.31)	Soybean meal (0.82), Crude petroleum (0.29), iron ore (0.21)
<b>Italy</b>	3.84	3.41	3.16	4.16	5.28	4.57	Sulfate chemical wood pulp (0.81), Coffee (0.47), Iron ore (0.37)	Sulfate chemical woodpulp (0.64), Coffee (0.70), Soybeans (0.63)
<b>Canada</b>	3.51	3.60	4.45	5.12	5.62	6.00	Aluminum Oxide (1.14), Gold (0.34), Raw sugar (0.31)	Aluminum Oxide (1.22), Gold (1.61), Aircraft/spacecraft (0.73)
<b>Australia</b>	0.51	0.50	0.53	0.60	0.80	0.81	Large construction vehicles (0.09), Coffee (0.05), Fruit juice (0.03)	Large construction vehicles (0.17), Coffee (0.10), Sulfate chemical woodpulp (0.06)

Source: Compiled by the authors based on data from OEC World Trade Database (OEC World, 2025).

Table 2 illustrates that the USA exports value-added industrial products to Brazil, while China has significantly increased its exports of semiconductors. The share of automotive components from Germany, Japan, and Italy has remained stable, and pharmaceuticals



constitute major exports from Germany, India, and the UK. These products rank among the top five in terms of complexity (Hausmann et al., 2014), requiring advanced technological capabilities and specialized skills that are not closely aligned with Brazil's existing production structure.

Trading partner	Total Trade Volume						Major imported products	
	2018	2019	2020	2021	2022	2023	2018	2023
<b>USA</b>	33.80	36.30	28.90	41.40	51.60	39.90	Refined petroleum (7.08), Gas turbines (1.85), Coal briquettes (1.23)	Refined petroleum (4.70), Gas turbines (4.10), Coal briquettes (1.68)
<b>China</b>	36.50	37.90	37.40	53.80	64.20	57.80	Special purpose ships (3.36), Telephones (2.31), Broadcasting accessories (1.18)	Semiconductor devices (4.09), Telephones (3.35), Pesticides (1.61)
<b>Germany</b>	11.30	11.30	9.64	12.40	13.40	13.60	Motor vehicles (0.88), Packaged medicaments (0.65), Nitrogen heterocyclic compounds (0.50)	Nitrogen heterocyclic compounds (0.73), Motor vehicles (0.73), Packaged medicaments (0.62)
<b>Japan</b>	4.79	4.63	4.08	5.19	5.46	5.19	Motor vehicles (0.84), Cars (0.26), Engine parts (0.17)	Motor vehicles (1.00), Papermaking machines (0.15), Engine parts (0.12)
<b>India</b>	3.89	4.54	4.15	6.96	9.64	7.07	Non-retail synthetic filament yarn (0.29), Pesticides (0.38), Motor vehicles (0.24)	Refined petroleum (1.19B), Pesticides (0.53), Nitrogen heterocyclic (0.47)
<b>UK</b>	2.72	2.72	2.40	2.69	3.20	3.34	Gas turbines (0.37), Packaged medicaments (0.16), Refined petroleum (0.14)	Gas turbines (0.41), Packaged medicaments (0.22), Cars (0.17)
<b>France</b>	5.45	4.43	4.09	4.46	4.78	5.41	Aircraft/spacecraft (0.57), Gas turbines (0.28), Motor vehicles (0.32)	Gas turbines (0.69), Aircraft/spacecraft (0.54), Motor vehicles (0.24)
<b>Italy</b>	4.78	4.59	4.13	5.46	5.52	5.76	Motor vehicles (0.33), Refined petroleum (0.31), Combustion engines (0.26)	Motor vehicles (0.40), Vaccines (0.22), Transmissions (0.15)
<b>Canada</b>	2.07	2.01	1.76	2.29	3.37	3.31	Potassic fertilizers (0.81), Coal briquettes (0.17), Gas turbines (0.09)	Potassic fertilizers(1.95), Aircraft/spacecraft(0.14) gas turbines(0.13)
<b>Australia</b>	1.13	0.98	0.58	1.21	2.81	2.00	Coal Briquettes (0.85), Raw aluminum (0.05), Pesticides (0.02)	Coal Briquettes (1.52), Coke (0.22), Therapeutic appliances (0.03)

Source: Compiled by the authors based on data from OEC World Trade Database (OEC World, 2025).

Applying the product space framework (Hidalgo et al., 2007) to Brazil's trade data reveals a structural disconnect: Brazil's agricultural and mineral exports occupy peripheral positions in the global product network, far removed from the central nodes represented by high-complexity imports such as semiconductors. This spatial and technological distance results in a mismatch of skills, fragmentation of supply chains, and divergence in innovation trajectories. Consequently, Brazil struggles to absorb and integrate external



technologies into its domestic economy. If this pattern persists, Brazil risks long-term disadvantages - paying premium prices for essential high-tech goods while exporting low-value commodities and thereby limiting its prospects for income growth and sustained economic prosperity.

### **Brazil and the Global South**

Despite being the Global South's third-largest economy, Brazil exemplifies the complexity trap facing middle-income countries, with its ECI ranking plummeting from regional leader to bottom position over three decades. While Global South markets provide important export destinations and revenues, Brazil remains trapped in its low complexity export yet high complexity import pattern. The country has not leveraged these partnerships to climb the complexity ladder yet, but there are emerging opportunities for industrial diversification and economic complexity upgrading.

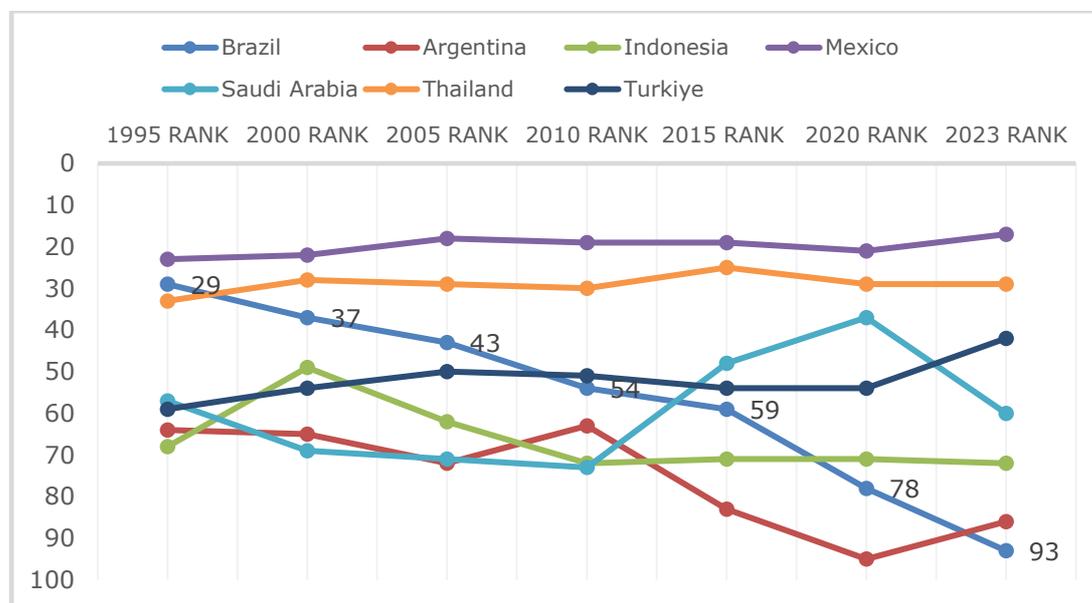
Figure 2 illustrates Brazil's relative position in terms of product complexity rankings compared to six major countries in Global South. This section narrows its focus to the comparison with Argentina, Indonesia, Mexico, Saudi Arabia, Thailand and Turkiye, excluding China and India due to listed data in section 3. Although Brazil was ranked second among the countries of the global south in 1995 (below Mexico), it was surpassed by rising Thailand during the period from 1995 to 2000. Subsequently, the decline in its ECI continued to accelerate, and it was overtaken by Turkey after five years. The gap then widened even further. From 2015 to 2023, the dropping was even more significant, and it was successively surpassed by the fluctuating Indonesia and Argentina. At this point, its economic complexity ranked 93rd, being the last position among these countries. The continuous decline in the ECI ranking indicates that Brazil has not only failed to acquire new capabilities, but may also be losing its existing manufacturing capabilities.

Looking closer to its trade profile, the trade pattern of the Global South strengthens Brazil's export structure instead of diversifying it. Still, Brazil's exports remain heavily concentrated in low-complexity products. Table 3 shows raw materials account for a significant proportion in Brazil's export: raw sugar, raw cotton, iron ore, poultry meat and soybeans emerged as key export commodities. Namely, soybeans appear in 5 out of 6 export destination countries. These products were also previously exported by Brazil to the global economies. Rather than using Global South partnerships to diversify into higher-complexity manufacturing, Brazil has simply replicated its commodity export model across different markets, making limited progress in addressing the ECI decline.

Beyond trade patterns, the productive capacity hierarchy of Brazil exhibits systematic deficiencies that explain its complexity decline. While the country possesses strong natural endowments and basic extraction capabilities, its primary processing remains incomplete, and intermediate manufacturing capabilities suffers from severe deficiencies - particularly in automotive, machinery, electronics, and chemical production. This creates a "missing middle" in Brazil's capability structure. However, isolated successes like aircraft production represents a "leap away" from existing product clusters in Brazil, but without the support of sequential capability building, may not be sustainable.



**Figure 2 – Comparison Between Brazil and Selected Countries of Global South (ECI)**



Source: Data adapted from Harvard Kennedy School, atlas of Economic Complexity Rankings

**Table 3 - Brazil's Exports by Countries in Global South by GDP (2018–2023, Billions USD)**

Trading Partner	Total Trade Volume						Major imported products (typical annual value range)	
	2018	2019	2020	2021	2022	2023	2018	2023
<b>Argentina</b>	14.9	9.81	8.51	11.9	15.3	16.8	Cars (3.84), Motor vehicles; Parts & accessories (1.03), Delivery trucks (1.09)	Soybeans (2.04B), Motor vehicles; Parts & accessories (1.70), Cars(1.40)
<b>Indonesia</b>	1.65	2.10	2.49	2.13	3.20	4.33	Soybean meal (0.66), Raw tobacco (0.13), Raw cotton (0.26)	Soybean meal (0.53), Raw sugar (0.82), Iron ore (0.21)
<b>Mexico</b>	4.50	4.90	3.83	5.67	7.11	8.59	Delivery trucks(0.26), Spark-ignition engines (0.35), Poultry meat (0.20)	Cars(1.1), Soybeans(0.82), Poultry meat(0.43)
<b>Saudi Arabia</b>	2.10	2.03	1.89	2.74	3.98	4.42	Poultry meat (0.81), Raw sugar (0.43), Soybeans (0.12)	Raw sugar(1.76), Poultry Meat(0.85), Corn(0.36)
<b>Turkiye</b>	2.66	2.46	3.13	3.51	3.8	3.52	Soybeans (0.52), Bovine (0.39), Semi-finished iron (0.29)	Soybeans(0.97), Iron ore(0.42), Bovine(0.30)
<b>Thailand</b>	1.96	1.79	2.08	2.8	3.61	3.93	Soybeans (0.47), Soybean meal (0.90), Motor vehicles; Parts & accessories (0.05)	Soybean meal(1.56), Soybeans(1.40), Crude petroleum(0.50)

Source: Compiled by the authors based on data from OEC World Trade Database (OEC World, 2025).



Brazil's import patterns from Global South countries reveal both structural vulnerabilities and emerging industrial integration opportunities. The composition of these imports confirms Brazil's continued dependence on higher-complexity manufactured goods, even within South-South trade relationships. Table 4 shows that Brazil imports manufactured goods from all listed countries except Saudi Arabia, which primarily supplies energy products. The country imports motor vehicles and parts from Mexico, Turkey, and Thailand, computers from Mexico, and delivery trucks from Argentina. Brazil is importing finished products rather than intermediate goods such as garments, textiles and food processing that could be further processed domestically then re-exported. This approach would create value-added production chains that connected to many product categories. By failing to do so, Brazil misses opportunities for using specific capabilities relevant within communities and therefore industrial upgrading through South-South cooperation.

Looking at the positive aspects: Firstly, Brazil maintains a positive trade balance with most Global South partners, with total import volumes consistently lower than export volumes; Secondly, Argentina stands out as Brazil's most significant Global South trading partner, representing a complexity-enhancing bilateral relationship that demonstrates Brazil's untapped upgrading potential. With Brazilian exports growing from \$14.9 billion in 2018 to \$16.8 billion in 2023, and imports of \$11.9 billion in 2023, this partnership achieves the near-balanced trade flows that complexity theory associates with successful industrial integration. Most significantly, Argentina absorbs \$1.28-3.84 billion annually in Brazilian automotive products alone - proving that Brazil possesses manufacturing capabilities sophisticated enough to compete in regional markets when proper industrial complementarity exists.

Brazil's automotive trade with Argentina and Mexico illustrates successful intra-industry specialization, which contributes to economic complexity and growth. Brazil exports cars, motor vehicles, and parts to both countries, while importing delivery trucks, cars, and accessories. These exchanges involve differentiated yet functionally related products, allowing each country to specialize in distinct segments of the industry. The growing export volume from Brazil to Argentina and Mexico reflects the benefits of deepening industrial specialization.

Trading partner	Total Trade Volume						Major imported products	
	2018	2019	2020	2021	2022	2023	2018	2023
<b>Argentina</b>	11.30	10.50	7.71	11.60	12.90	11.90	Delivery trucks (2.50), Cars (1.87), Wheat (1.31)	Delivery trucks (2.48), Cars (2.24), Wheat (0.82)
<b>Indonesia</b>	1.39	1.35	1.19	1.79	1.96	1.54	Coconut oil (0.18), Rubber (0.16), Motor vehicles; parts & accessories (0.13)	Coconut (0.22), Palm oil (0.13), Telephones (0.11)
<b>Mexico</b>	5.45	5.26	4.00	4.71	5.53	5.74	Motor vehicles; Parts & accessories (0.73), Cars (1.09), Computers (0.16)	Motor vehicles; Parts & accessories (0.73), Cars (0.70), Delivery trucks (0.34)



**Table 4 - Brazil's Imports by Countries in Global South by GDP (2018–2023, Billions USD)**

Trading partner	Total Trade Volume						Major imported products	
	2018	2019	2020	2021	2022	2023	2018	2023
<b>Saudi Arabia</b>	2.39	2.40	1.63	3.22	5.49	3.70	Crude petroleum (1.68), Mixed mineral or chemical fertilizers (0.30), Propylene polymers (0.14)	Crude petroleum (3.26), Mixed mineral or chemical fertilizers (0.52), Refined petroleum (0.60)
<b>Turkiye</b>	0.63	0.69	0.73	1.25	1.24	1.00	Motor vehicles; Parts & accessories (0.05), Raw iron bars (0.03), Carbonates (0.05)	Carbonates (0.10), Motor vehicles; Parts & accessories (0.05), Synthetic rubber (0.05)
<b>Thailand</b>	1.76	1.72	1.51	2.25	2.37	2.05	Motor vehicles; Parts & accessories (0.25), Rubber (0.20), Engine parts (0.10)	Motor vehicles; Parts & accessories (0.30), Rubber (0.09), Engine parts (0.09)

Source: Compiled by the authors based on data from OEC World Trade Database (OEC World, 2025).

## Analysis and Discussion

The fact that Brazil ranks among the world's ten largest economies stands in stark contrast to its declining performance in the ECI. Over the past three decades, Brazil's pronounced loss of ground in the ECI rankings among major economies highlights a critical divergence: its high GDP coexists with a level of productive sophistication that has failed to advance relative to global competitors. This downward trend reflects deep-rooted structural weaknesses in Brazil's industrial base and a persistent reliance on import-intensive, low-complexity exports.

Figure 1 illustrates Brazil's position relative to ten other large economies - namely, the USA, China, Germany, Japan, India, the UK, France, Italy, Canada, and Australia - since 1995. Brazil has consistently ranked near the bottom of this group. Despite maintaining a trade surplus with China since 2019, which reached US\$12 billion in 2024 and accounted for 41% of Brazil's total trade surplus (BCB, 2025), Brazil was overtaken by China between 1995 and 2000, and later by India between 2010 and 2015. From 2015 to 2023, Brazil's complexity gap widened further, approaching that of Australia - a country similarly characterized by a commodity-dependent export structure (Mesquita, Merlo, & Gremaud, 2021). This trajectory underlines the urgent need to address Brazil's limitations in productive knowledge accumulation and industrial upgrading. Without strategic interventions to diversify its export base and strengthen innovation ecosystems, Brazil risks remaining trapped in a cycle of low complexity and constrained development.

Table 1 indicates that Brazil's export report remains dominated by primary commodities. Crude petroleum is exported mainly to the USA, India, and China, while soybeans - Brazil's top export product - rose from \$27.2 billion in 2018 to \$38.9 billion in 2023, mainly to China. Metallic ores are exported to China, Japan, France, and Germany. These products are the simplest, with minimal productive information and minimal technological contact (Hausmann et al., 2014). Brazil's three-step soybean value chain for exports -



raw soybeans, soybean oil, and soybean meal - is an example of path-dependent upgrading, with incremental innovation in a narrow technological niche (Araujo & Lima, 2006). Although soybean meal has gained competitiveness in the EU market, such a chain remains embedded in the agriculture cluster of the product space outside central nodes pertaining to high-complexity industries (Hidalgo et al., 2007). Overall export volume growth is driven by low-complexity products, which limits Brazil's evolution toward increasingly complex production.

On the other hand, the import composition of Brazil is increasingly comprised of high-income economies' high-complexity goods. Aircraft and gas turbines are exported by the USA, semiconductors by China, and motor vehicles' parts by Germany, Japan, and Italy with regular shipments. Germany, India, and the UK also have prominent pharmaceuticals. These are part of the top five highest in complexity (Hausmann et al., 2014), requiring high-tech capabilities and special skills.

Despite being the third-largest economy in the Global South, Brazil has experienced a pronounced decline in its ECI, falling from a regional leader to the lowest-ranked among key Global South economies over the past three decades. In 1995, Brazil trailed only Mexico in ECI, but was subsequently surpassed by Thailand by 2000, Turkiye by 2005, and more recently by Indonesia and Argentina between 2015 and 2023. By 2023, Brazil ranked 93rd globally, a position that reflects not only stagnation but also a potential deterioration of existing productive capabilities (Britto, Romero, Freitas, & Coelho, 2015). As illustrated in Figure 2, this trajectory underscores Brazil's failure to capitalize on South-South cooperation as a mechanism for industrial upgrading. Table 3 further demonstrates that Brazil's export structure remains heavily concentrated in low-complexity products - such as soybeans, iron ore, poultry meat, raw sugar, and cotton. The fact that soybeans appear as a major export to five of the six key Global South partners exemplifies the replication of Brazil's traditional commodity-based model, rather than a strategic shift toward higher-complexity manufacturing (World Bank, 2015).

Brazil's import patterns from Global South countries also reveal structural weaknesses. Although Brazil maintains a trade surplus with most of its regional partners (Table 4), it continues to import high-complexity finished goods - including motor vehicles, computers, and delivery trucks - from Mexico, Turkiye, Thailand, and Argentina. Saudi Arabia, by contrast, primarily exports energy commodities. Notably, Brazil's import basket lacks intermediate goods such as textiles and processed foods, which could otherwise support domestic value-added production and re-exporting. This absence suggests limited integration into regional value chains and reflects Brazil's underdeveloped productive linkages. As Moreira (2022) argues, Brazil's industrial structure lacks the coordination and capability-building mechanisms necessary for deeper insertion into global value chains.

Brazil's bilateral trade with Argentina stands out as a complexity-enhancing relationship. Between 2018 and 2023, Brazilian exports to Argentina increased from \$14.9 billion to \$16.8 billion, while imports reached \$11.9 billion (Table 4). Argentina absorbs \$1.28-\$3.84 billion annually in Brazilian automotive products, demonstrating Brazil's capacity to compete in regional manufacturing when industrial complementarity is present.



Crucially, Argentina has recently surpassed Brazil in ECI rankings, underscoring the urgency for Brazil to revise its industrial policy (Sert, 2017). Brazil's automotive trade with Argentina and Mexico exemplifies successful intra-industry specialization: Brazil exports cars and motor vehicle components while importing differentiated products such as delivery trucks and high-value parts. This division of labor enables each country to specialize in distinct segments of the automotive sector, achieving economies of scale and fostering innovation. As Fullerton, Sawyer, and Sprinkle (2011) note, intra-industry trade yields greater benefits than inter-industry trade by stimulating innovation and exploiting scale efficiencies. Despite isolated successes such as aircraft production, Brazil's broader productive structure suffers from a "missing middle." While the country demonstrates strength in natural resource extraction and basic processing, it lacks robust intermediate manufacturing capabilities in sectors such as electronics, chemicals, and machinery. Without sustained capability development, these successes remain exceptions rather than indicators of systemic transformation (Hamaguchi, 2020). There are three leading reasons to be considered and one additional aspect:

Firstly, Brazil's steady fall in the ECI is directly related to its own long-standing process of deindustrialization. Since the 1980s, Brazil has suffered from what scholars have described as "premature deindustrialization," where the manufacturing sector falls behind before the economy has achieved high-income status. The experience has been worsened by structural issues such as low productivity growth, fragile innovation systems, and Dutch disease effects, most importantly caused by the real overvaluation during commodity booms (Bresser-Pereira, 2018). Disorganization of Brazil's manufacturing structure has limited it from diversifying its exports to more advanced, knowledge-based industries, which directly affected its ECI performance (Kupfer, Ferraz & Marques, 1995; Cano, 2011).

A critical factor in this trajectory has been the absence of a consistent and strategic industrial policy. Brazil's shift toward market liberalization in the late 20th century, particularly during the 1990s, marked a turning point in its development model. During this period, many state-led industrial initiatives were dismantled, and no coherent strategy was put in place to foster technological upgrading or strengthen domestic production chains. This policy vacuum contributed to the erosion of productive capabilities, limiting the country's ability to move into more complex and knowledge-intensive sectors - a key requirement for improving its position in the Economic Complexity Index (Stemmler, 2019).

Compounding this institutional void, trade liberalization and financial openness introduced additional structural challenges. The neoliberal reforms of the 1980s and 1990s prioritized openness over strategic development, weakening Brazil's industrial structure. Iasco-Pereira and Morceiro (2024) show that these reforms led to a decline in total factor productivity and manufacturing labor productivity, as liberalization was not accompanied by policies to support domestic industry. Their empirical analysis reveals that Brazil's industrial sector lost its capacity to generate structural change, with the country increasingly specializing in low-complexity activities. The lack of coordination between liberalization and industrial development resulted in a national-level



deindustrialization, constraining Brazil's ability to sustain diversified and technologically advanced economic activities - and ultimately, to climb the Economic Complexity Index.

In response to this scenario, recent efforts such as the Nova Indústria Brasil [The New Industry of Brazil] policy represent a strategic attempt to reverse premature deindustrialization and reinsert Brazil into more complex global value chains. The policy, launched in 2024, emphasizes innovation, sustainability, and technological upgrading, with BRL 300 billion allocated to support industrial transformation until 2026. It aims to stimulate sectors with high value-added potential, such as health technologies, electromobility, and digital infrastructure, while also promoting local content and green industrialization. However, as Belloc (2014) cautions, the effectiveness of such policies depends on the design of subsidy mechanisms and the ability to foster productivity-enhancing firm entry. Without a firm commitment to rebuilding domestic industry and aligning incentives with long-term development goals, Brazil risks establishing itself as a commodity-dependent economy, deepening its structural vulnerabilities and limiting its capacity to climb the economic complexity ladder.

Secondly, the privatization wave that commenced in the late 1980s and escalated in the 1990s under Collor and Cardoso governments was a revolutionary shift in the economic trend of Brazil. Privatization was originally being justified on the basis of the reduction of the external debt and efficiency, but it was exposed to disassembling major state-owned enterprises (SOEs) without an appropriate industrial policy to cultivate national champions (Silva, 2019). This was done in the 2000s and gained a new life in the 2010s and 2020s, particularly under the financially tight agendas. This resulted in the industrial climate of Brazil, especially in sectors like energy, telecommunications, and infrastructure, which are all columns of economic complexity (Fagundes & Caciatori, 2020). The absence of a well-coordinated industrial strategy at the time of, and after, privatization further entrenched the country's vulnerability to foreign shocks as well as technological dependence.

Contrary to the expectations of traditional privatization advocates, the reforms failed to generate the anticipated industrial dynamism. Rocha and Ruiz (2008) show that Brazilian industries remained heavily reliant on production-intensive knowledge and lacked integration with scientific and technological institutions, which are essential for innovation. The privatized sectors did not reinvest sufficiently in R&D or technological upgrading, and innovation was often limited to meeting regulatory standards rather than pursuing breakthroughs. Guimarães (2004) further argues that Brazil's state lacked the institutional capacity and strategic coherence to replicate the success of developmental states like Japan and Korea, which used privatization selectively and always within a broader industrial policy framework. In Brazil, the absence of such coordination led to fragmented innovation ecosystems and technological dependence on foreign actors. Nolan (2018) adds that privatization, when not aligned with social and economic rights frameworks, can erode the state's ability to fulfill long-term development goals. Moreover, the lack of mechanisms to ensure that privatization proceeds were reinvested into productive sectors further entrenched Brazil's vulnerability to foreign shocks and reinforced its specialization in low-complexity exports. A telling example is Petrobras, which, despite remaining partially state-owned, saw its strategic role diluted during



liberalization, limiting its capacity to act as a sovereign agent of industrial transformation and innovation (Zanotelli & Ferreira, 2021). These dynamics collectively undermined Brazil's ability to build the productive capabilities necessary for climbing the Economic Complexity Index.

Finally, Brazil's declining performance in the ECI can be attributed to a combination of structural and institutional factors. The country's export structure remains heavily concentrated in primary commodities such as soybeans, crude petroleum, and iron ore. These products rank among the lowest in complexity because they require limited productive knowledge and minimal inter-sectoral linkages (Hausmann et al., 2014). This overreliance on low-complexity exports restricts the development of more sophisticated industries and limits opportunities for technological spillovers and innovation-driven growth (Cardoso et al., 2024). Furthermore, Brazil has struggled to diversify its industrial base beyond traditional sectors. Unlike countries that have successfully transitioned into high-tech manufacturing or knowledge-intensive services, Brazil's industrial upgrading has been slow and uneven. This stagnation is partly due to weak innovation ecosystems, limited investment in research and development (R&D), and insufficient integration into global value chains (Mazzucato, 2023; Suzigan et al., 2020). In addition, there is significant regional heterogeneity in economic complexity across Brazil. While some states - such as São Paulo - possess relatively advanced industrial structures, others remain dependent on agriculture and extractive industries. National-level ECI metrics often mask these disparities, yet they contribute to the overall stagnation in complexity when aggregated (Cardoso et al., 2024; Bandeira Morais, Swart, & Jordaan, 2021). Additionally, Brazil's economic complexity is further hindered by institutional and policy constraints. These include inconsistent industrial policy, bureaucratic inefficiencies, and limited support for innovation and entrepreneurship. Such barriers reduce the country's ability to accumulate productive knowledge and transition into more complex sectors (Suzigan et al., 2020; Baer, 2020).

Brazil's industrial landscape, though marked by structural challenges, includes several niche sectors that have achieved notable global competitiveness through sustained innovation and strategic policy support. The aeronautical industry, led by Embraer, exemplifies this trajectory. Emerging from mid-20th-century state-led initiatives and bolstered by institutions like ITA and CTA, Embraer has positioned Brazil as the third-largest commercial aircraft manufacturer globally, integrating advanced engineering, global partnerships, and a robust innovation ecosystem (Fonseca, 2010). In the electrical machinery and automation sector, WEG S.A. stands out as a globally competitive firm, with operations in over 135 countries and a strong focus on R&D, energy efficiency, and industrial automation. Its ability to innovate and scale production has made it a key player in the global market for electric motors and industrial solutions (Ministério de Minas e Energia, n.d.). Additionally, EMBRAPA (Brazilian Agricultural Research Corporation) has played a transformative role in agricultural innovation, particularly in tropical agriculture. Through cutting-edge research in biotechnology, precision agriculture, and sustainable practices, EMBRAPA has significantly increased productivity and enabled Brazil to become a global leader in agribusiness. Its international partnerships and technology transfer initiatives further underscore its role as a driver of



economic complexity and global competitiveness (IPEA, 2022). These cases illustrate that Brazil possesses the institutional and technological foundations necessary for broader industrial upgrading. By leveraging these successful models, the country can foster innovation-driven growth across other strategic sectors of its economy.

In addition to these three reasons, stands the recent (2026) MERCOSUR–EU partnership is expected to raise Brazil–EU trade by BRL 94.2 billion and add roughly BRL 37 billion to GDP by 2044, while fostering regulatory cooperation and integration into European value chains (Agência Brasil, 2024; Ministério das Relações Exteriores, 2024). Translating these gains into durable upgrading requires progress in human capital (skilled labor). Brazil's 2022 PISA scores - 379 (mathematics), 410 (reading), and 403 (science) - remain below OECD averages, with fewer than half of students reaching baseline proficiency in maths and science (Agência Brasil, 2023; Statista, 2025). These skill gaps constrain the diffusion of tacit, production-specific knowledge that supports diversification into higher value activities - knowledge captured by the ECI (Teixeira, Missio, & Dathein, 2022). Empirical evidence from Brazil indicates that higher levels of economic complexity are positively correlated with sustained growth and structural transformation at subnational scales, particularly when industrial policies promote strategic diversification toward technologically proximate and more sophisticated sectors (Romero et al., 2022; Teixeira, Missio, & Dathein, 2022). Nevertheless, human capital remains a decisive enabling factor for this transformation, as the accumulation of tacit knowledge and advanced skills is essential for upgrading production capabilities and sustaining complexity-driven development.

Accordingly, the MERCOSUR–EU framework should be coupled with targeted education and training reforms - STEM curriculum strengthening, teacher professional development, and vocational pathways aligned with EU standards - to build the capabilities needed for complex manufacturing and services (Agência Brasil, 2023; Ministério das Relações Exteriores, 2024). By linking market access to human capital upgrading, Brazil can move into products closer to the core of the product space, raise its ECI, and convert trade liberalization into sustained competitiveness and inclusive growth (Romero et al., 2022; Teixeira et al., 2022).

## Conclusion

This study set out to examine how Brazil's economic complexity has evolved in relation to major global powers and leading economies within the Global South, and to assess Brazil's relative position in the global economic. The findings reveal a concerning trajectory: despite rising trade volumes, Brazil has experienced a steady decline in economic complexity, losing competitive ground both globally and regionally.

Although Brazil remains a major exporter, its trade profile has become increasingly concentrated in low value-added goods, underscoring limited progress in integrating productive knowledge into its industrial base. Structural and institutional barriers - such as fragmented innovation ecosystems, inadequate logistics infrastructure, and inconsistent industrial policies - have constrained the transformative potential of trade



expansion. Consequently, Brazil has faced challenges in sustaining its leadership role within the Global South and in ascending global value chains. However, it is necessary to point out that this analysis has some limitations. This study mainly relies on the ECI, which is a single measurement criterion. Although it is powerful, it cannot fully cover the various determinants of trade patterns. Factors such as bilateral agreements, geopolitical relations, logistics frameworks, and specific national demand structures - all of which are key elements shaping a country's trade content and trading partners - are beyond the scope of ECI's research. Moreover, although the comparison method has explanatory value, it cannot encompass all the differences in scale, history, and resource endowments of the studied economies. These limitations indicate that although the ECI effectively diagnoses the trend of declining trade complexity, it is still necessary to combine more in-depth and context-specific analyses to provide targeted policy recommendations.

Nevertheless, despite these enduring constraints, the country continues to host several domestically developed niche industries that are both globally competitive and technologically advanced. The success of Brazil's globally competitive and technologically advanced niche sectors demonstrates the country's latent capacity for broader industrial transformation. These sectors - such as aerospace, electrical machinery, and agricultural innovation - not only exemplify the potential of targeted industrial policy and institutional coordination but also serve as catalysts for upgrading other segments of the economy. Their technological spillovers, supply chain linkages, and innovation ecosystems can foster productivity gains and knowledge diffusion across less developed industries, promoting a more diversified and resilient industrial base. By leveraging these strategic sectors as models and anchors, Brazil can accelerate its structural transformation, enhance its position in global value chains, and climb the ECI. This approach aligns with recent calls for a renewed industrial strategy that integrates long-term innovation and sustainability goals, aiming to reverse premature deindustrialization and restore the country's capacity for robust, inclusive growth (Feijó, 2025).

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