

No. 25805

**CHINA
and
PORTUGAL**

**Joint Declaration on the question of Macao (with annexes).
Signed at Beijing on 13 April 1987**

Authentic texts: Chinese and Portuguese.

Registered by China and by Portugal on 22 March 1988.

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[TRANSLATION — TRADUCTION]

JOINT DECLARATION¹ OF THE GOVERNMENT OF THE PORTUGUESE REPUBLIC AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON THE QUESTION OF MACAU

The Government of the Portuguese Republic and the Government of the People's Republic of China, having reviewed with satisfaction the friendly relations existing between the two Governments and peoples since the establishment of diplomatic relations between the two countries, have agreed that a proper settlement of the question of Macau, which is left over from the past, through negotiation between the two Governments would be conducive to economic development and social stability in Macau and the further strengthening of friendly relations and co-operation between the two countries. To this end, the two Governments have, following talks between their delegations, agreed to make the following declaration:

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

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

(1) In accordance with the provisions of article 31 of the Constitution of the People's Republic of China, upon resuming the exercise of sovereignty over Macau, the People's Republic of China will establish the Macau Special Administrative Region of the People's Republic of China.

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

(3) The Government of the Macau Special Administrative Region and the legislative body of the Macau Special Administrative Region will be composed of local inhabitants. The chief executive will be appointed by the Central People's Government on the basis of the results of elections or consultations held in Macau. Principal officials will be nominated by the chief executive of the Macau Special Administrative Region for appointment by the Central People's Government. Chinese and Portuguese nationals and foreign nationals previously working in the public services of Macau (including the police), may remain in employment. Portuguese

¹ Came into force on 15 January 1988 by the exchange of the instruments of ratification, which took place at Beijing, in accordance with paragraph 7.

nationals and nationals of other countries may be appointed or recruited under contract to hold certain public posts in the Macau Special Administrative Region.

(4) The current social and economic systems in Macau will remain unchanged, as shall the existing way of life. The laws in force will remain basically unchanged. The Macau Special Administrative Region will, in accordance with the law, ensure all the rights and freedoms of the inhabitants and other individuals in Macau, specifically those of the person, of speech, of the press, of assembly, of association, of movement and travel, the right to strike, the right of choice of occupation, of academic research, of religion and belief, of communications and of private property.

(5) The Macau Special Administrative Region will on its own freely decide Macau's policies in the fields of culture, education, science and technology and will protect the cultural heritage of Macau in accordance with the law.

In addition to Chinese, the Portuguese language may be used in government agencies, in the legislative body and in the courts of the Macau Special Administrative Region.

(6) The Macau Special Administrative Region may establish mutually advantageous economic relations with Portugal and other countries. The economic interests of Portugal and other countries in Macau will be given due regard. The interests of inhabitants of Portuguese descent in Macau will be protected in accordance with the law.

(7) Using the name of "Macau, China", the Macau Special Administrative Region may on its own maintain and develop economic and cultural relations and conclude agreements with interested countries, regions and international organizations.

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

(8) The Macau Special Administrative Region will be maintained as a free port and a separate customs territory for the purposes of its economic activities. The free flow of capital will be maintained. The Macau pataca, as the local legal tender of the Macau Special Administrative Region, will continue to circulate and remain freely convertible.

(9) The Macau Special Administrative Region will have independent finances. The Central People's Government will not levy taxes in the Macau Special Administrative Region.

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

(11) In addition to the national flag and the national emblem of the People's Republic of China, the Macau Special Administrative Region may use its own regional flag and emblem.

(12) The above-stated basic policies and the related clarifications set forth in annex I to this Joint Declaration will be stipulated, in a Basic Law of the Macau Special Administrative Region of the People's Republic of China, by the National People's Congress of the People's Republic of China and will remain unchanged for 50 years.

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

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

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

6. The Government of the Portuguese Republic and the Government of the People's Republic of China agree to implement the preceding declarations and the annexes to this Joint Declaration, of which they are an integral part.

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

DONE at Beijing on 13 April 1987 in duplicate, in the Portuguese and Chinese languages, both texts being equally authentic.

For the Government
of the Portuguese Republic:

[CAVACO SILVA]

For the Government
of the People's Republic
of China:

[ZHAO ZIYANG]

ANNEX I

ELABORATION BY THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
OF ITS BASIC POLICIES REGARDING MACAU

The Government of the People's Republic of China elaborates the basic policies of the People's Republic of China regarding Macau as set out in article 2 of the Joint Declaration of the Government of the Portuguese Republic and the Government of the People's Republic of China on the question of Macau as follows:

I

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

The Macau Special Administrative Region shall be directly under the authority of the Central People's Government of the People's Republic of China and shall enjoy a high degree of autonomy, except for in matters of external relations and defence, which shall be responsibilities of the Central People's Government. The Macau Special Administrative Region shall be vested with executive, legislative and independent judicial power, including that of final adjudication. The Central People's Government shall authorize the Macau Special Administrative Region to conduct on its own those external affairs specified in article VIII of this annex.

II

The executive power of the Macau Special Administrative Region shall be vested in the Government of the Macau Special Administrative Region. The Government of the Macau Special Administrative Region shall be composed of local inhabitants. The chief executive of the Macau Special Administrative Region shall be appointed by the Central People's Government on the basis of the results of elections or consultations held in Macau. Principal officials (equivalent to the existing under-secretaries, the Chief Public Prosecutor and the senior official in charge of the police) shall be nominated by the chief executive of the Macau Special Administrative Region and appointed by the Central People's Government.

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

III

The legislative power shall be vested in the legislature of the Macau Special Administrative Region. The legislature of the Macau Special Administrative Region shall be composed of local inhabitants and a majority of its members shall be chosen by election.

After the establishment of the Macau Special Administrative Region, the laws, decrees, laws, administrative regulations and other provisions previously in force in Macau shall be

maintained, save for any that contravene the Basic Law and subject to any amendment by the Macau Special Administrative Region legislature.

The Macau Special Administrative Region legislature may on its own authority enact laws in accordance with the provisions of the Basic Law and legal procedures. Laws enacted by the legislature which are in accordance with the Basic Law and legal procedures shall be regarded as valid.

The laws of the Macau Special Administrative Region shall comprise the Basic Law, the laws previously in force in Macau and laws enacted by the Macau Special Administrative Region legislature as above.

IV

The judicial power of the Macau Special Administrative Region shall be vested in the courts of the Macau Special Administrative Region. The power of final adjudication in the Macau Special Administrative Region shall be exercised by the Court of final adjudication of the Macau Special Administrative Region. The courts shall exercise judicial power independently and free from any interference; they shall be subject only to the law. Judges shall enjoy appropriate immunity in respect of their judicial functions.

Judges of the Macau Special Administrative Region courts shall be appointed by the chief executive acting in accordance with the recommendation of an independent commission composed of local judges, lawyers and other eminent persons. Judges shall be chosen on the basis of their professional qualifications and may be recruited from among foreign judges who possess the requisite qualifications. A judge may be removed only for inability to discharge the functions of his office or for conduct inconsistent with the discharge of judicial functions, by the chief executive, acting in accordance with the recommendation of a judicial body appointed by the chief judge of the court of final appeal, consisting of not fewer than three local judges. The removal of judges of the court of final appeal shall be made by the chief executive acting on the recommendation of a commission made up of members of the legislature of the Macau Special Administrative Region. The appointment or removal of judges of the court of final appeal of the Macau Special Administrative Region shall be reported to the Standing Committee of the National People's Congress for the record.

The office of the public prosecutor of the Macau Special Administrative Region shall independently carry out the functions entrusted to it by the law and shall be free from any interference.

The existing system in Macau for the appointment and removal of judicial officers shall be maintained.

On the basis of the system previously operating in Macau, the Macau Special Administrative Region Government shall on its own make provision for local lawyers and lawyers from outside the Macau Special Administrative Region to work and practise in the Macau Special Administrative Region.

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

V

The Macau Special Administrative Region shall ensure, in accordance with the law, all the rights and freedoms provided for in the laws previously in force in Macau, including freedom of the person, freedom of speech, freedom of the press, freedom of assembly, freedom of demonstration, freedom of association, (specifically the right to form and participate in civic associations), the freedom to form and join trade unions, freedom of movement, freedom of travel, the right to choose one's occupation and employment, the right to strike, the right to practise one's religion, freedom of belief, the inviolability of the home, the right to

access to the courts and the right to justice; the right to own private property, including business undertakings, rights relating to the transfer and inheritance of property and compensation for lawful expropriation; freedom to marry, the right to found a family and reproductive freedom.

The inhabitants of the Macau Special Administrative Region and other individuals in Macau shall be equal before the law without discrimination as to nationality, descent, gender, race, language, religion, political or ideological belief, education, economic situation or social status.

The Macau Special Administrative Region shall, in accordance with the law, protect the interests of inhabitants of Macau who are of Portuguese descent and shall respect their customs and cultural traditions.

Religious organizations and believers in the Macau Special Administrative Region may continue to carry out their activities as before provided that such activities are consistent with their purposes and the provisions of law, and may maintain their relations with religious organizations and believers outside Macau. Schools, hospitals and welfare institutions may continue to operate. The relationship between religious organizations in the Macau Special Administrative Region and those in other parts of the People's Republic of China shall be based on the principles of non-subordination, non-interference and mutual respect.

VI

After the establishment of the Macau Special Administrative Region, Chinese and Portuguese nationals and other foreign nationals previously serving in the public service of Macau (including the police) may remain in employment and continue their service with pay, allowances and benefits no less favourable than before. Such persons who retire before the establishment of the Macau Special Administrative Region shall be entitled, in accordance with the applicable rules, to retirement and survivor's benefits on terms no less favourable than before, irrespective of their nationality or place of residence.

The Macau Special Administrative Region may appoint Portuguese and other foreign nationals previously serving in the public service of Macau or holding permanent identity cards of the Macau Special Administrative Region to serve as public servants (except as heads of major government departments). The Macau Special Administrative Region may also employ Portuguese and other foreign nationals to serve as advisers or in specialized technical posts. Portuguese nationals and other foreign nationals appointed or recruited for the public service in the Macau Special Administrative Region shall be admitted only in their individual capacities and shall be responsible solely to the Macau Special Administrative Region.

The appointment and promotion of public servants shall be on the basis of qualifications, experience and ability. Macau's previous system of recruitment, discipline, promotion and normal advancement of public servants shall remain basically unchanged.

VII

The Macau Special Administrative Region shall on its own decide policies in the fields of culture, education, science and technology, including policies regarding languages of instruction, including Portuguese, the system of academic awards and recognition of academic degrees. Institutions of all kinds may continue to operate and retain their autonomy, and may continue to recruit teaching staff and procure and use teaching materials from outside Macau. Students shall enjoy freedom to pursue their education outside the Macau Special Administrative Region. The Macau Special Administrative Region shall protect the cultural heritage of Macau in accordance with the law.

VIII

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

Representatives of the Macau Special Administrative Region Government may participate, as members of delegations of the Government of the People's Republic of China, in negotiations at the diplomatic level directly affecting the Macau Special Administrative Region conducted by the Central People's Government. The application to the Macau Special Administrative Region of international agreements to which the People's Republic of China is a party shall be decided by the Central People's Government in accordance with the circumstances and needs of the Macau Special Administrative Region and after seeking the views of the Macau Special Administrative Region Government. International agreements to which the Government of the People's Republic of China is not a party but which are implemented in Macau may continue to be implemented. The Central People's Government shall, as necessary, authorize or assist the Macau Special Administrative Region Government to make appropriate arrangements for the application to the Macau Special Administrative Region of other relevant international agreements.

According to the circumstances and the needs of the Macau Special Administrative Region, the Central People's Government shall take the necessary steps to ensure that the Macau Special Administrative Region continues to retain its status in an appropriate capacity in those international organizations of which the People's Republic of China is a member and in which Macau participates in one capacity or another. The Central People's Government shall, where necessary, facilitate the continued participation of the Macau Special Administrative Region in an appropriate capacity in those international organizations in which Macau participates in one capacity or another but of which the People's Republic of China is not a member.

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

The Portuguese Republic may establish a Consulate-General in the Macau Special Administrative Region.

IX

The following categories of persons shall have the right of abode in the Macau Special Administrative Region and the right to obtain permanent identity cards issued by the Macau Special Administrative Region:

- Chinese nationals who were born in Macau or who have ordinarily resided in Macau for a continuous period of seven years or more before or after the establishment of the Macau

Special Administrative Region, and children of such individuals who are Chinese nationals and were born outside Macau;

- Portuguese nationals who were born in Macau or who have resided in Macau before or after the establishment of the Macau Special Administrative Region for a continuous period of seven years or more and, in either case, who have taken Macau as their place of permanent residence;
- Any other persons who have ordinarily resided in Macau before or after the establishment of the Macau Special Administrative Region for a continuous period of seven years or more and who have taken Macau as their place of permanent residence, and the children of such persons who are under the age of 18 and were born in Macau before or after the establishment of the Macau Special Administrative Region.

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

Passports and travel documents of the Macau Special Administrative Region shall be valid for all States and regions and shall record the holder's right to return to the Macau Special Administrative Region.

For the purpose of travelling to and from the Macau Special Administrative Region, residents of the Macau Special Administrative Region may use travel documents issued by the Macau Special Administrative Region Government or by other competent authorities of the People's Republic of China, or of other States. Holders of permanent identity cards of the Macau Special Administrative Region shall have this fact stated in their travel documents as evidence that the holders have the right of abode in the Macau Special Administrative Region.

Appropriate measures shall be taken to regulate the entry into the Macau Special Administrative Region of persons from other parts of China.

The Macau Special Administrative Region may apply immigration controls on entry, stay and departure by persons from foreign States or regions.

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

The Central People's Government shall assist or authorize the Macau Special Administrative Region Government to conclude visa abolition agreements with interested States or regions.

X

The Macau Special Administrative Region shall on its own decide on its economic and trade policies and, as a free port and separate customs territory, shall maintain and develop its economic and trade relations with all States and regions and shall continue to participate in relevant international organizations and international trade agreements, such as the General Agreement on Tariffs and Trade and arrangements regarding international trade in textiles. Export quotas, tariff preferences and other similar arrangements obtained by the Macau Special Administrative Region shall be enjoyed exclusively by the Macau Special Administrative Region. The Macau Special Administrative Region shall have authority to issue its own certificates of origin for products manufactured locally, in accordance with prevailing rules of origin.

The Macau Special Administrative Region shall protect foreign investment in accordance with the law.

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

XI

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

The Macau pataca, as the local legal tender, shall continue to circulate and remain freely convertible. The authority to issue Macau currency shall be vested in the Macau Special Administrative Region Government. The Macau Special Administrative Region Government may authorize designated banks to issue, or to continue to serve as its agent for the issue of, Macau currency. Macau coins and bank notes bearing references inappropriate to the status of Macau as a Special Administrative Region of the People's Republic of China shall be progressively replaced and withdrawn from circulation.

XII

The Macau Special Administrative Region shall on its own decide its budgetary and fiscal policies. The Macau Special Administrative Region shall report its budgets and final accounts to the Central People's Government for the record. The Macau Special Administrative Region shall use its financial revenues for its own purposes and they shall not be handed over to the Central People's Government. The Central People's Government shall not levy any taxes whatsoever in the Macau Special Administrative Region.

XIII

The defence of the Macau Special Administrative Region shall be the responsibility of the Central People's Government.

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

XIV

The Macau Special Administrative Region shall recognize and protect, in accordance with the law, land leases lawfully concluded or approved before the establishment of the Macau Special Administrative Region which extend beyond 19 December 1999 and all rights in relation to such leases. Land leases granted or renewed after the establishment of the Macau Special Administrative Region shall be governed by the land-tenure laws and policies of the Macau Special Administrative Region.

ANNEX II

ARRANGEMENTS RELATING TO THE TRANSITIONAL PERIOD

With a view to ensuring the application of the Joint Declaration of the Government of the Portuguese Republic and the Government of the People's Republic of China on the question of Macau and in order to create appropriate conditions for the transfer of power in Macau, the Government of the Portuguese Republic and the Government of the People's Republic of China have agreed to continue to co-operate in a friendly spirit during the transitional period, which shall begin on the date of the entry into force of the Joint Declaration and end on 19 December 1999.

To this end, the Government of the Portuguese Republic and the Government of the People's Republic of China have agreed, in accordance with the provisions of articles 3, 4 and 5 of the Joint Declaration, to establish a Sino-Portuguese Joint Liaison Group and a Sino-Portuguese Land Commission.

I. *Sino-Portuguese Joint Liaison Group*

1. The Joint Liaison Group shall be a mechanism for liaison, consultation and the exchange of information between the two Governments. The Joint Liaison Group shall play no part in the administration of Macau, nor shall it have any supervisory role over that administration.

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

- (a) To conduct consultations on the implementation of the Joint Declaration and the annexes thereto;
- (b) To exchange information and conduct consultations on matters relating to the transfer of power in Macau in 1999;
- (c) To conduct consultations on the steps which need to be taken by the two Governments in order to maintain and develop the external economic, cultural and other relations of the Macau Special Administrative Region;
- (d) To exchange information and conduct consultations on such other matters as may be agreed by the two Parties.

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

3. Each Party shall designate a senior representative, who shall be of ambassadorial rank, and four other members of the Joint Liaison Group. Each Party may also designate experts and supporting staff, as necessary, the number of which shall be decided by consultation.

4. The Joint Liaison Group shall be established on the date of the entry into force of the Joint Declaration and shall begin its work within three months after its establishment, meeting in turn at Beijing, Lisbon and Macau during the first year of its operation and, thereafter, establishing its principal base in Macau. The Joint Liaison Group shall continue its work until 1 January 2000.

5. The members, experts and supporting staff of the Joint Liaison Group shall enjoy diplomatic privileges and immunities commensurate with their status.

6. The working procedures and organization of the Joint Liaison Group shall be decided upon by the two Parties by consultation within the guidelines laid down in this annex. The proceedings of the Joint Liaison Group shall be confidential unless otherwise agreed.

II. *Sino-Portuguese Land Commission*

1. The two Governments agree that, beginning on the date of the entry into force of the Joint Declaration, land leases in Macau and related matters shall be dealt with in accordance with the following provisions:

(a) All leases of land granted by the Portuguese Government of Macau, except short-term tenancies and leases for special purposes, which expire before 19 December 1999 may be extended in accordance with the laws in force for a period expiring not later than 19 December 2049, subject to payment of the relevant premiums.

(b) From the entry into force of the Joint Declaration until 19 December 1999, the Portuguese Government of Macau may, in accordance with the relevant laws in force, grant land leases for periods expiring not later than 19 December 2049, subject to payment of the relevant premiums.

(c) The total area of new land to be granted (including reclaimed and undeveloped land) in accordance with the provisions of article 1 (b) of section II of this annex shall be limited to 20 hectares a year. The Land Commission may, on the recommendation of the Portuguese Government of Macau, consider and decide on modifications to this limit.

(d) From the entry into force of the Joint Declaration until 19 December 1999, all income obtained by the Portuguese Government of Macau from land leases and renewals of land leases shall be shared equally between the Portuguese Government of Macau and the future Macau Special Administrative Region Government, after deduction of the average land production cost. All the income obtained from land belonging to the Portuguese Government of Macau, including the amount of the above-mentioned deduction, shall be used for land development and public works in Macau. Income from lands belonging to the Macau Special Administrative Region Government shall be put into a reserve fund of the Macau Special Administrative Region Government and deposited with banks registered in Macau, and may be used as necessary, with the approval of the Chinese Party, by the Portuguese Government of Macau for land development and public works in Macau during the transitional period.

2. As a body representing the two Governments, the Sino-Portuguese Land Commission shall deal with land leases in Macau and other related matters.

3. The functions of the Land Commission shall be:

(a) To conduct consultations on the implementation of section II of this annex;

(b) To monitor observance of the limit on the area and the time periods of land leases and the sharing of the income obtained from land leases in accordance with the provisions of section II, article 1, of this annex;

(c) To consider proposals from the Portuguese Government of Macau on the use of income from land belonging to the Macau Special Administrative Region Government and submitting its views to the Chinese Party for decision.

Matters on which there is disagreement in the Land Commission shall be referred to the two Governments for solution through consultations.

4. Each Party shall designate three members of the Land Commission. Each Party may also designate experts and supporting staff, the number of which shall be decided through consultations.

5. The Land Commission shall be established on the date of the entry into force of the Joint Declaration and shall have its principal base in Macau. The Land Commission shall continue its work until 19 December 1999.

6. The members, experts and supporting staff of the Land Commission shall enjoy diplomatic privileges and immunities commensurate with their status.

7. The working procedures and organization of the Land Commission shall be decided upon by the two Parties through consultations within the guidelines laid down in this annex.