

## **Executive Summary**

Both Macau and Luxembourg can be classified as mini-economies. There are similarities in certain socio-economic aspects. However, Luxembourg is generally regarded as a more successful economy because of the higher GDP per capita and its widely recognized role in global finance and the steel industry. It is also important to note that Luxembourg has been a strong advocate of regional integration in post-War Europe.

This dissertation deals with the roles of the government in Macau and Luxembourg in regional integration. Using a modified version of Michael E. Porter's analytical framework of "Competitive Advantage of Nations", the role and policy initiatives of the governments in regional integration are evaluated and compared. The foci of the comparative study concern infrastructure, enthusiasm in regional integration, legal framework & regulation, innovation policy, education, immigration policy, cluster formation and finally, the trade policy. The major arguments of this study are three-fold:

Firstly, it is found that in Luxembourg, both the government and the citizens have been more active in regional integration than Macau. The Luxembourg government has been able to muster strong public support in the integration process. Secondly, from a functionalist perspective, Luxembourg's government has effectively taken advantage of regional integration, thereby generating sustainable support for participation in the process of European integration. Finally, the comparison reveals that the Luxembourg

government has provided better support for regional integration and the corresponding industrial / sectoral diversification. The government has coped with the challenges of regional integration with the help of a large pool of multi-lingual, well-trained professionals drawn not only domestically, but regionally. The level-playing investment environment with clear formation of cluster has further provided the country with an edge in regional integration. In recent years, the government of Macau has paid much effort in various fields in order to foster regional integration. Arguably, Macau still has a long way to go, but it should be well-positioned to learn from the advanced experience of Luxembourg.