

# Economy

## Overview

Though a small economy, Macao pursues an open economic policy. It boasts one of the lowest tax regimes in the Asia Pacific region and sound financial stability. As a free port and a separate tariff zone, which has no foreign exchange controls, Macao is an active player in the regional economy and a vital link between the mainland Chinese and global markets.

Since the founding of the Macao Special Administrative Region, the economy has maintained rapid growth thanks to the development of the tourism and leisure industry. 2022 was a year full of profound challenges since the Covid-19 outbreak. Given the impact of the pandemic in neighbouring regions, as well as the local outbreak beginning on 18 June, Macao's macro economy faced unprecedented downward pressure, with major economic indicators showing a clear downturn. The annual gross domestic product (GDP) was 177.33 billion patacas, representing a contraction in real terms of 26.8 percent year on year. The local unemployment rate reached 4.8 percent, a new high in recent years.

According to figures provided by the Macao Monetary Authority, Macao's fiscal reserves stood at 557.97 billion patacas as of the end of 2022. Its basic reserves and excess reserves in the period stood at 185.13 billion patacas and 372.84 billion patacas, respectively, while its foreign reserves stood at 208.6 billion patacas.

As of September 2023, Macao's foreign reserves stood at 220.1 billion patacas, according to preliminary figures.

In 2022 the Macao SAR Government was aware of the impact of the pandemic on Macao's economy and implemented various measures in response. The financial relief measures launched in the first half of 2022 included: early disbursement of the Wealth Partaking Scheme; refunding 60 percent of paid personal income tax for 2020 paid by Macao citizens, with a cap of 14,000 patacas; short-term food assistance for Macao citizens facing involuntary unemployment; and the third round of the electronic consumer benefits plan. In response to the emergency arising from the pandemic Covid-19 outbreak beginning on 18 June, the MSAR Government swiftly launched a new round of financial assistance measures, budgeted at around 10 billion

patacas. These included: property tax refunds for industrial or commercial activity venues; waiver of all tourism taxes; vehicle licence-plate tax refunds for commercial vehicles; waivers or refunds of permit and related fees; fuel subsidy for the taxi industry; launching a new round of the Employee, Freelancer and Business Subsidy Scheme; and launching a scheme to provide interest subsidies on bank loans for SMEs. Moreover, the measures allowing principal payment holidays for financial and commercial corporations were extended to 31 December, 2023. On 15 July, the MSAR Government submitted a revised financial-year budget for the financial year to the Legislative Assembly for the second time, suggesting the use of an excess reserve of 35.157 billion patacas, which included an extra 10 billion patacas marked as expenses for anti-pandemic special plans, to cover various anti-pandemic expenses and provide public assistance to people stricken by the pandemic in Macao.

The MSAR Government stepped up its financial support for the real economy, including by easing requirements for applying for the SME Assistance Programme, subsidising interest on bank loans for SMEs, extending the temporary measure to adjust the repayment periods for various assistance schemes. The Government continued perfecting the subsidised training scheme, strengthening employment referrals and support for local residents. Throughout 2022, various online and offline job matching services helped 6,288 local citizens to secure jobs. In addition, the Government continued expanding investment in public projects, with an annual investment and development budget of around 18.5 billion patacas to launch public works of various scales. Public projects totalled 50, costing over 10 billion100 million patacas.

## **Gaming**

The history of Macao's gaming industry can be dated to the mid-19th century. At the turn of the 20th century, the gaming industry and the tourism industry have become one of the mainstays of Macao's economy.

In 2002 the MSAR Government liberalised the gaming market, introducing new investors and operational models to the local market. This has injected new momentum and diversity to the development of the gaming industry and given rise to numerous job opportunities.

At present six gaming companies have been granted concessions to

independently operate casino gaming in Macao. Each gaming operator has been striving to press ahead with building different facilities in a bid to transform Macao into a world hub of tourism and leisure.

As of the end of 2022, there were 30 casinos in Macao, employing a total of 52,174 full-time gaming workers, a year-on-year decrease of 2,665 workers, with an average monthly salary of 23,680 patacas, down by 0.1 percent compared with the same period of 2021.

Due to the outbreaks of Covid-19 in neighbouring regions and locally, Macao's overall economic recovery was affected in 2022. The annual gross gaming revenue in 2022 stood at 42.8 billion patacas (with gross casino revenues at 42.2 billion patacas), a year-on-year decrease of 51 percent.

In the first nine months of 2023, gross gaming revenues were 128.947 billion patacas, a year-on year increase of 305.3 percent.

In 2022, the MSAR Government completed the amendments to the Gaming Industry Regulatory Framework and related regulations, in accordance with Macao's positioning as "One Centre, One Platform, One Base" and in favour of fostering healthy, lawful and orderly development of the gaming industry; and commenced the a new public tender for gaming concessions, to ensure smooth transitions between the new and former concession contracts.

On 14 January, the MSAR Government announced the draft bill on amendments to the Gaming Industry Regulatory Framework and related regulations, stipulating the maximum number of gaming concessions as six, prohibiting the transfer of concessions, and limiting each concession period to no longer than ten years. The draft bill also lays down the approval criteria for casinos, gaming machines and gaming tables; enhances the reviews of qualification and supervision of gaming business operators and companies; increases the capital required by gaming concessionaires to five billion patacas. In addition, a grace period of three years has been laid down for casinos that are not located in the properties of gaming concessionaires.

On 13 May, a sub-standing committee of the Legislative Assembly made significant revisions to the Gaming Law draft amendment. On 21 June, the new Gaming Law passed its second reading in the Legislative Assembly; it came into

effect on 23 June.

On 29 July 2022, the Government initiated a new round of public tender for gaming licences. On 26 November 2022, the awardees of the gaming concessions were announced. They were: MGM Grand Paradise S.A.; Galaxy Casino, S.A.; Venetian Macau, S.A.; Melco Resorts (Macau) S.A.; Wynn Resorts (Macau), S.A.; and SJM Resorts, S.A. Starting from 1 January 2023, Macao's gaming industry will be subject to the new gaming law and the new concession contracts. On 16 December, the *Macao SAR Gazette* published an Executive Order announcing the final results of the public tender for gaming concessions. On behalf of the MSAR Government, Chief Executive Ho Iat Seng signed concession agreements with the six concessionaires. The new concession agreements are valid for ten years, effective from 1 January, 2023.

## **Regional Cooperation and the China-Lusophone Platform**

Leveraging on its unique advantages, Macao has sought to forge stronger economic links with the mainland. The implementation of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) in 2004 and the framework agreement on Pan-Pearl River Delta cooperation marked a new milestone for the economic relations between mainland and Macao.

In 2017, the framework agreement on the development of the Guangdong-Hong Kong-Macao Greater Bay Area was signed by the governments of the three places. In 2018, the central government set up the steering group for the development of the Greater Bay Area, marking a new milestone for the area's development.

In 2019, the Outline Plan for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area was announced, laying down the strategic positioning, development goals of the various regions of the Greater Bay Area.

In September 2021, the Central Government promulgated the Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin, which was an important strategy for promoting Macao's economic diversification and the implementation of "One country, two systems" as well as a fresh impetus for Macao's long-term development. The Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin has clearly outlined one

theme, four strategic goals and four major tasks, thereby marking a new milestone in the development of Hengqin against the backdrop of mutual discussion, joint construction, joint administration and shared benefits in Guangdong-Macao cooperation.

September 2022 marked the first anniversary of the establishment of the Guangdong-Macao Intensive Cooperation Zone in Hengqin (Cooperation Zone). The Cooperation Zone has got off to a good start with the support of the Central People's Government. Operating within the new system of mutual discussions, joint construction, joint administration, and shared benefits, Guangdong and Macao have joined hands to foster the construction of the Cooperation Zone – focusing on industrial development, integration of people's livelihoods, and alignment of rules and regulations. In February 2023, the Regulations on Promoting the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin as well as the Opinions on Using the Financial Industry to Support the Development of the Guangdong-Macao Intensive Cooperation Zone were promulgated, spurring the development of the financial sector in the Cooperation Zone.

At the end of December 2022, a total of 27 residential buildings and schools were topped out in the Macao New Neighbourhood in Hengqin. Residential units in this area are being furnished and are slated for completion by the end of 2023. These properties will be available for sale in due course.

In 2022, the value of products exported under the Mainland and Macao Closer Economic Partnership Arrangement (“CEPA”) was 116 million patacas. Tax with a total value of 5.38 million patacas was waived. During the past 19 years, the cumulative total value of zero-tariff goods entering mainland China in accordance with CEPA provisions was 1.35 billion patacas, with 87.01 million patacas of taxes waived.

On 10 April 2022, the Extraordinary Ministerial Meeting of the Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries was held in Beijing and Macao, both online and offline, under the theme "Cooperate to combat the pandemic, Collaborate for common development", with a congratulatory video message from Premier Li Keqiang. The Minister of Commerce and the ministers of the eight Portuguese-speaking countries signed a joint declaration and officially admitted Equatorial Guinea to the forum.

Figures show that the trade volume between China and Portuguese-speaking countries in 2022 stood at 214.83 billion US dollars, which is a 18-fold increase from the figure of 11 billion US dollars in 2003.

## **Convention and Exhibition Industry**

In 2022, the Government deepened its efforts to invite businesses, by organising conferences and exhibitions. Utilising the principle of “pre-exhibition positioning, in-exhibition follow-up, and post-exhibition tracking”, the Government helps merchants participating in conventions and exhibitions to fully understand Macao’s business advantages, helps them set up their bases or expand businesses in Macao, and demonstrates the momentum of “Industry + Conventions”.

In 2022, a total of 460 events (385 meetings, 64 exhibitions and 11 incentive events) were held in Macao; the figure represented an increase of 11 events compared with the previous year. The total number of participants stood at 2,193, a decrease of 11.1 percent compared with the previous year.

In the first half of 2023, the number of events held in Macao increased by 304 events year-on-year to 493 while the number of attendees was up by 50.8 percent to 710,000. The number of meetings increased by 305 to 463 over the same period of 2021, while the number of exhibitions remained at 24. The numbers of attendees was up by 40.7 percent. The number of incentive events was six, down by one event, while the number of attendees was 4,931 people, up by 220 percent.

## **Traditional Chinese Medicine**

The MSAR Government and the Guangdong government signed the Framework Agreement on Cooperation Between Guangdong and Macao on 6 March 2011 in Beijing in a bid to expand the scope for Macao’s development and to follow the national strategy of coordinated regional development. A five-kilometre plot of land in Hengqin, Zhuhai, has been allocated for joint industrial cooperation between Guangdong and Macao. On this allocated plot, a 0.5-kilometre plot of land has been designated for the Traditional Chinese Medicine Science and Technology Industrial Park – a landmark project of Guangdong-Macao cooperation. Meanwhile different projects on tourism, convention and exhibition, cultural industry and education have been rolled out in phases to provide enormous opportunities for Macao’s economic diversification.

On 19 April 2011, the Traditional Chinese Medicine Science and Technology Industrial Park was inaugurated. In 2021, the Government promulgated the Law of Pharmaceutical Activities in the Field of Traditional Chinese Medicine and the Registration of Traditional Chinese Medicines in a bid to create better conditions for the development of traditional Chinese medicine. In 2022, the plaque of the Macau Institute for Translational Medicine and Innovation was unveiled, translational medical science projects covering Chinese traditional medicine and biomedicine became the major focus in the initial stage, with key projects supporting the development of the Chinese traditional medicine industry – especially the practical application of the research results of the State Key Laboratory of Quality Research in Chinese Medicine, and relevant research results of other institutes of the University of Macau. The Pharmaceutical Supervision and Administration Bureau was established, and enforced the Law on Pharmaceutical Activities in the Field of Traditional Chinese Medicine and the Registration of Traditional Chinese Medicines, and perfected the procedures for approving industrial licences for manufacturing “Big Health” products, Chinese medicine, and technology products. The Government leveraged the advantages of favourable policies, such as CEPA, to assist Macao’s “Big Health” industry with exporting products to mainland China and overseas.

## **Modern Financial Service**

In 2022, the modern financial services industry was steadily developing, and the foundation for development of the bond market was well established. The Macao Central Securities Depository (CSD) commenced operation, and from January 2022, local bonds issued in Macao could be allocated and maintain their International Securities Identification Numbers (ISINs), increasing the efficiency of issuing bonds. The Government also introduced the Guidelines on Management and Operation of Private Investment Funds, to lay a foundation for the introduction of various private investment funds.

## **High and New Technology**

The Government accelerated the fostering of high technology industries, encouraging cooperation between tertiary institutions and enterprises in industrial, academic and research development – resulting in a number of collaborative projects on integrated circuit design, cyber security and artificial intelligence. To foster online matching in industrial, academic and research development, the Government launched a funding

scheme for industry-academia-research partnerships for enterprises. The Government also optimised the one-stop service workflows for investors, and actively attracted technology enterprises to establish their bases in Macao. The preparations for accreditation of technology enterprises have commenced.

## **Labour and Employment**

In 2022 Macao's overall unemployment rate stood at 3.7 percent due to the impact of the COVID-19 global pandemic while the jobless rate among local residents was 4.8 percent; the two figures were up by 0.8 percentage points and 0.9 percentage points respectively.

The median monthly salary of the employed population was 15,000 patacas, a year-on-year decrease of 800 patacas. The median monthly salary of local workers stood at 19,000 patacas, a year-on-year decrease of 1,000 patacas. As at the end of December 2022, the number of foreign employees stood at 154,912, a decrease of 9.5 percent compared with the figure in 2021.

The unemployment rate in the second quarter of 2023 was 2.8 percent; the jobless rate among local residents was 3.5 percent, down by 0.3 percentage points and 0.4 percentage points respectively compared with the same period of the previous year. The total number of employed people increased by 2,100 quarter-on-quarter, while the total number of employed local residents was up by 1,400 quarter-on-quarter. The labour participation rate was 67.7 percent; 71.2 percent was male and 64.8 percent was female. The total labour force was 371,800; of which 10,400 was unemployed. The total employed population was 361,400.

*For more information:*

*Statistic and Census Service (<http://www.dsec.gov.mo>)*

*Macao Trade and Investment Promotion Institute (<http://www.ipim.gov.mo>)*

*Monetary Authority of Macao (<http://www.amcm.gov.mo>)*

*Economic Services (<http://www.economia.gov.mo>)*

*Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries (Macao) (<http://www.forumchinaplp.org.mo>)*

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