

# 4

## ECONOMY



Although Macao has a relatively small economy, it pursues an open economic policy. It is one of the two international free ports in China. Goods, capital, foreign exchange and people flow freely in and out of Macao. As a separate customs territory, it boasts one of the lowest tax regimes in the region. Macao is integrated with the global economy and maintains traditional and special economic ties with the European Union (EU) and Portuguese-speaking countries. Consequently, Macao plays a relatively important role in the regional economies and is an important gateway and bridge linking mainland China with international markets.

## Investment Incentives

Macao provides a level playing field for investors from around the world. At the same time, the series of measures that have been implemented to encourage investment – including the provision of various tax and financial incentives – have gradually made Macao an ideal place for investors.

### Tax Incentives

To promote Macao's long-term economic development, the Government offers tax incentives for projects that benefit the territory's development. Investment plans outlined in applications for these must meet one or more of the following criteria:

- They must promote economic diversity;
- They must contribute to the promotion of exports to new markets;
- They must add value to the production chain; or
- They must contribute to technological modernisation.

Once an application is approved, the applicant or his or her company will be eligible for a number of tax incentives, including:

1. Full exemption from property tax if the property purchased is to be used for industrial factory purposes. Factories on Macao Peninsula will enjoy an exemption period of up to 10 years, while those on the islands will enjoy an exemption period not exceeding twenty years;
2. Full exemption from business tax for cases of advance approval, while businesses on the islands will enjoy a basic allowance of 50 percent (excluding offshore banks);
3. Basic allowance of 50 percent on corporate income tax; and
4. For any transfer of properties related to industrial purposes, a 50-100 percent reduction of stamp duty for property transfer may be available.

### Financial Incentives

The Interest Subsidy Scheme on Bank Loans to Enterprises aims to encourage locally invested enterprises to increase their investments within their business fields, thereby facilitating diverse local economic activities, enhancing environmental protection, and assisting in technological

innovation and transformation, to strengthen competitiveness and modernise business operations. Enterprises that benefit from the scheme enjoy a four percent interest subsidy per year. The maximum period of subsidy is four years, counting from the first day of loan repayments, and the subsidy is calculated according to the outstanding capital in each instalment.

### Coverage of Interest Subsidy Scheme in 2017 (as at end of Q4)

Type of industry	Percentage (%) <sup>(1)</sup>	Approved subsidy amount (MOP) <sup>(2)</sup>	Approved cases <sup>(2)</sup>
Wholesale	22.47%	87,391,498.55	14
Construction and public works	17.51%	68,115,246.20	15
Transport and warehousing	12.36%	48,071,906.00	17
Corporate services	10.74%	41,791,287.00	7
Restaurants and hotels	8.81%	34,285,463.00	12
Public services, social welfare and private services	7.69%	29,927,667.26	14
Retail	5.77%	22,450,000.00	4
Food, beverage and tobacco products	2.70%	10,515,000.00	2
Miscellaneous	2.57%	10,000,000.00	1
Metal products, machinery and transport equipment manufacturing	2.57%	10,000,000.00	1
Real estate activities	2.57%	10,000,000.00	1
Textiles, garments and leather manufacturing	2.06%	8,000,000.00	1
<b>Total</b>	<b>100.00%</b>	<b>388,986,113.01</b>	<b>92</b>

Notes: (1) As a percentage of the total approved subsidy amount

(2) Subject to approval date

In addition, subsidies are provided to the following investment projects in repayable or non-repayable forms, in accordance with Decree-Law No. 49/85/M, Article 11 in particular: manufacturing of a new product involving huge economic risks yet for a worthwhile cause; introduction or initiation of a new investment that is favourable to Macao's industrial development; installation of anti-pollution facility that is beneficial to Macao.

## Economic overview

Following the transformation of both internal and external economic environments, the four pillars of Macao's economy – manufacturing; tourism and gaming; banking and finance; and construction and real estate – have seen remarkable changes in terms of their shares of local GDP.

Recently, the contribution to Macao's GDP of the tourism and gaming industry has overtaken the combined total of the other three industries. The manufacturing industry has been on the decline since the 1990s, with a constantly decreasing share of local GDP.

## Gaming industry

In 2017, Macao's economy was gradually recovering from a recent downturn. The gaming industry recorded the first positive growth in the past three years, with annual gross revenue from games of fortune amounting to 265.74 billion patacas, representing an increase of 19.1 percent compared with 2016. Macao's gaming industry remains the largest in the world. Various operators in the gaming industry strived to press ahead with their projects, to build Macao as a world tourism and leisure centre.

Lawful gaming businesses in Macao currently include games of fortune, interactive gaming, pari-mutuel and lotteries. Types of gaming are mainly categorised according to the Gaming Industry Regulatory Framework. Games of fortune form the biggest sector of Macao's gaming industry. Gross revenues from these games accounted for 99.68 percent of the industry's gross takings in 2017.

There are now six licensed gaming companies in Macao, each of which enjoys the right to autonomously operate casino gaming businesses as an independent legal person.

At the end of 2017, there were 40 casinos operating in Macao, of which 22 belonged to SJM, five to the Venetian Group, six to Galaxy, two to Wynn, four to Melco PBL, and one to MGM.

The number of gaming tables increased from 6,287 at the end of 2016 to 6,419 at the end of 2017, a 2.1 percent rise; while the number of slot machines increased from 13,826 to 15,622, 13 percent more than the previous year.

At the end of 2017, there were 460 vacant gaming jobs, representing a year-on-year decrease of 95 vacancies. The vacancies were mainly for clerical positions, accounting for 49.6 percent of the total; there were 100 vacancies for dealers. By the end of 2017, there were 56,634 gaming industry employees, representing a year-on-year increase of 1.5 percent.

Regarding breakdown by job, there were 24,453 dealers, representing a year-on-year increase of 1.7 percent.

Regarding salaries (excluding incentive bonuses and rewards), the average monthly wage for full-time paid employees in the industry at the end of 2017 was 22,940 patacas, 4.3 percent higher than the 2016 figure. The average monthly wage of dealers was 19,850 patacas, 5.4 percent higher than in the previous year.

## Legal Regulations Refined and Junket Commissions Capped

To regulate gaming and related activities more effectively in the wake of changes in the industry, the Government has formulated and promulgated a series of laws and regulations since 2001. They included laws to regulate gaming promoters and gaming-related loan activities.

By-law No. 6/2002 on the Qualifications and Regulations for Casino Gaming Promoters is the main provision for regulating casino gaming promotion activities. In August 2009, after being amended by By-law No. 27/2009, it was renamed the By-law on the Regulation of Casino Gaming Promotion Activities. It includes detailed requirements for mandatory qualifications and the liabilities of promoters, licensing processes and registration of promoters with gaming concessionaires. The by-law strictly regulates the mandatory qualifications of gaming promoter licence applicants, as well as gaming promoters who serve a company or individual business owner. Under the by-law, only persons granted a gaming promoter's licence by the Gaming Inspection and Coordination Bureau (DICJ) are permitted to engage in gaming promotion activities.

As the market competition became more aggressive, the Government decided to set a cap on junket commissions, to maintain market order and effective regulation of the industry, as well as safeguard the healthy development of the gaming industry.

On 21 May 2008, the Government held the first joint meeting with the management of the six casino operators, to discuss the cap on junket commissions. After negotiations in several meetings, the Government and the industry operators reached a consensus to cap junket commissions at 1.25 percent. In September 2009, the Secretary for Economy and Finance signed Order No. 83/2009 to cap junket commissions at 1.25 percent of bets, and require each gaming concessionaire to submit a monthly report to the DICJ.

Following promulgation of the by-laws, the Government continues maintaining communications, discussions and reviews with the gaming concessionaires and other industry operators. The Government will also listen to opinions from all parties, and introduce more refined and detailed guidelines. The amended by-law came into force on 1 December 2009.

Gaming promoters are legally obliged to pay tax at a rate of five percent on commissions they collect from concessionaires, and other remuneration they receive.

The Government has also made efforts to regulate gaming-related loan activities. The Law on Regulating Credit Related to Gaming and Betting in Casinos or Other Gaming Venues stipulates that only concessionaires and sub-concessionaires are authorised to conduct credit-related business. Gaming promoters and management companies are also allowed to conduct such business provided they have already signed relevant contracts with a concessionaire or sub-concessionaire. The credit provided in accordance with this law is regarded as statutory debt. The law also states principles and conditions governing the signing of contracts, credit activities and other related matters. It defines the granting of credit as being transfer of the ownership of casino gaming chips to a third party, when the lender is not immediately compensated by a monetary payment. It also clearly defines different types of money.

## **The Gaming Inspection and Coordination Bureau (DICJ)**

The DICJ provides guidance and assistance to the Chief Executive on the formulation and implementation of the economic policies for the operations of casino games of fortune or other ways of gaming, pari-mutuels and gaming activities offered to the public.

In 2017, the DICJ continued to improve communication among franchised gaming companies and security divisions of hotels and casinos, and enhance the software and hardware in response

to the security and regulatory challenges resulting from major gaming and entertainment projects, to continue effective monitoring of casinos, where the situation is becoming more complex as gaming technologies rapidly advance. The DICJ also expedites the refinement of laws that regulate the gaming industry. It closely monitors the social problems brought to Macao by the gaming industry, encourages implementation of responsible gaming by gaming concessionaires, and requires casino operators to enhance relevant training of their staff. The DICJ's work during the year can be summarised as follows:

1. To ensure that the internal control procedures of gaming concessionaires can effectively prevent irregularities in casinos, the DICJ conducted in 2017 regular assessments of their internal control measures. The DICJ also continued with the audit work in accordance with the relevant chapters set out in the Minimum Internal Control Requirements (MICR), to help gaming concessionaires establish a sound internal monitoring and control system.
2. The money laundering control procedures were amended based on Directive No. 1/2016 – Preventive Measures against Money-laundering and Terrorist-financing. The DICJ has initiated related briefings, and provided specific training, assistance and guidance for the gaming industry. The DICJ also conducted annual assessments of Macao's work against money laundering and terrorist financing for the Asia-Pacific Group on Money Laundering (APG), and continued working closely with the Financial Intelligence Office in 2017.
3. To enrich and update the knowledge of gaming promoters and their subordinates regarding anti-money-laundering and financing of terrorism, in November 2017 the DICJ organised the Training Workshop for Gaming Promoters 2017 for six of Macao's licensed gaming promoters and their staff. The workshop focused on explaining to the trade the findings of the previously conducted anti-money-laundering audit on gaming promoters, reminding the staff of matters that require their attention when compiling reports on large-volume transactions, and explaining how gaming promoters could better carry out due diligence checks on customers.
4. The DICJ continued to monitor gaming concessionaires, to ensure that they post clear notices and conduct proper inspections to prevent individuals under the legal age from entering casinos. In 2017, security staff prevented 434,183 persons under the age of 21 from entering casinos. Also, 176 persons under the age of 21 were found to have entered casinos illegally.
5. For more efficient monitoring of casino operators' adherence to their obligations in the concession contracts, and to urge casino operators to add non-gaming components, the DICJ continued regularly gathering financial data and information on non-gaming components, and information and data on local procurement exercises of casino operators, as well as local SME facilities at casinos and gaming facilities in 2017. With this information and data, the DICJ could help SMEs to seize opportunities arising from the development of gaming tourism.
6. The DICJ continued with comprehensive audits of gaming promoters in Macao, to check whether they strictly complied with all requirements set out in the Guidelines on Financial and Accounting Systems, and whether they had established a proper financial and accounting system. Following the promulgation of the guidelines, there has been an improvement in the law abiding awareness among operators in the industry. Most gaming promoters compile financial statements according to the requirements in a timely manner. The audit results will be taken into consideration in the renewal of their licences, and will serve as a reference for subsequent amendments to the related laws.

7. Regarding registration of gaming promoters, a total of 109 licences were issued in 2017, representing a decrease of 13.5 percent from 2016. Of these, 109 were issued to legal entities and 10 were issued to individuals.
8. The DICJ continued to effectively monitor gaming machines. When a gaming machine is suspected to be faulty, gambling concessionaires are required to take a series of follow-up actions. The DICJ also took intervention action in accordance with the law to protect the interests of gamblers, thereby fostering integrity and quality in the development of the gaming industry.
9. For promotion of “responsible gaming”, the DICJ continued to follow up on social problems in Macao arising from gaming, especially gambling involving casino staff, the gaming trend among youngsters, and pathological gambling. The DICJ had regular working meetings with the six gaming corporations, in order to understand the enforcement of responsible gaming in casinos. To facilitate better understanding of “responsible gaming” by casino staff, the DICJ continued co-organising a series of “responsible gaming” promotion activities with the Social Welfare Bureau and the Institute for the Study of Commercial Gaming of the University of Macau, and offered the “Macao Responsible Gaming Instructor” certificate programme to gaming corporations. In 2017, a total of 83 casino staff members completed the programme. The DICJ offered for the second time the “Macao Responsible Gaming Trainer” certificate programme, to provide further professional and local training to the staff of gaming corporations. In 2017, a total of 22 participants completed the programme.
10. The DICJ continued to actively work with all government departments, gaming operators, problem gambling prevention and treatment organisations, and educational and community groups, to promote responsible gaming. It also continued to set up responsible gaming stations and responsible gaming kiosks to provide residents and tourists with information regarding responsible gaming, 24-hour help lines, and self-exclusion application services. In 2017, the DICJ handled 376 applications for self-exclusion and exclusions requested by third parties, 31 of which were made via self-service machines at responsible gaming kiosks.
11. In a move to prevent casino staff from involvement in gambling and becoming problem gamblers, from 27 September to 26 October 2017 the DICJ conducted a one-month public consultation on the Amendment Bill to Law No. 10/2012 on Regulation on the Conditions of Entering, Working and Gaming in Casinos.
12. Regarding administrative penalties for prevention and handling of illegal gambling, there were 22 cases of illegal gambling in 2017, representing a significant decrease of 44 percent over 2016. A total of 157 individuals were involved, 149 of whom were Macao residents. The DICJ continues to educate the public, while stringently combating and preventing illegal gambling. Besides, to help combat fraudulent DICJ or Macao websites/SMS/promotional materials or mobile device applications that operate or promote illegal gambling, in 2017 the DICJ continued to keep close liaison with the Judiciary Police, mainland China and overseas regulatory authorities, website registration and mobile application publishing platforms.
13. In response to unforeseeable incidents that happened in overseas casinos, the DICJ, in collaboration with the Judiciary Police, continued to meet with representatives of the security divisions of the six gaming enterprises to understand and follow-up on the latest arrangements for and implementation of security inspection measures, to ensure an orderly and continuous improvement in security measures for all entertainment venues. The DICJ has also established and effectively implemented a mechanism for communication with gaming companies regarding major incidents.

### The Contribution of Casino Gaming to Macao's Gross Gaming Revenue during 2017

(Billion Patacas)

Item	2017
Gross revenue from casino gaming	265.743
Gross gaming revenue	266.607
<b>Proportion of contribution</b>	<b>99.68%</b>

Source: DICJ

### Gross Revenues of Different Types of Casino Gaming during 2017

(Billion Patacas)

Item	Gross revenue (Billion Patacas)
Roulette	1.143
Blackjack	2.662
VIP Baccarat	150.673
Baccarat	84.283
Fan-tan	0.365
Cussec	7.48
Chinese Dominoes (Pai Gow)	0.102
Mark 8	0.0005
Mahjong	0.118
Slot Machines	13.164
Chinese Dominoes Mahjong	0.004
Three-card Poker	0.211
Three-card Baccarat	0.504
Wheel of Fortune	0.019
Live Multi Game	2.431

Cont.

<b>Gross Revenues of Different Types of Casino Gaming during 2017</b>	
(Billion Patacas)	
Item	Gross revenue (Billion Patacas)
Stud Poker	1.170
Casino War	0.179
Dice/craps	0.214
Texas Poker	0.322
Fortune 3 Card Poker	0.698
<b>Total</b>	<b>265.743</b>

Source: DICJ

## Manufacturing

Macao's manufacturing industry now faces changes in the worldwide manufacturing supply chain and disparities in regional manufacturing costs. Since the 1990s, Macao has gradually transformed into a more service-oriented economy. As a result, the manufacturing industry's share of GDP decreased from 20.6 percent in 1989 to 0.6 percent in 2016.

In 2017, the total value of Macao's exports was 11.28 billion patacas, representing a year-on-year increase of 12.3 percent, with Macao's domestic product exports accounting for 1.78 billion patacas, down 9 percent year on year. The value of re-exports was 9.5 billion patacas, up 17.5 percent year on year. Hong Kong continued to be the major export market for Macao, with a share of 58.5 percent of Macao's total export value. Mainland China accounted for 18.8 percent of Macao's total export value. The United States accounted for 1.6 percent.

In 2017, the value of products exported under CEPA was 94.7 million patacas. Tax with a total value of 5.2 million patacas was waived. During the past 14 years, the cumulative total value of zero-tariff goods entering mainland China in accordance with CEPA provisions was 861 million patacas, with 61.89 million patacas of taxes waived.

## Financial Services Industry

The financial services industry in Macao underwent rapid development towards the end of the 1980s. Following nearly 30 years of growth and refinement, Macao now boasts a sophisticated and open financial system, with characteristics that are unique in the region.

Macao's financial institutions consist of banks, insurance companies, financial companies, lease finance companies, financial intermediaries, bureaux de change, cash remittance companies, non-banking credit agencies and the representative offices of overseas financial institutions. As of 31 December 2017, among financial institutions authorised to operate in Macao, there were 29 banks (including the Government-owned Postal Savings Office and two off shore bank branches that have ceased operation), 24 insurance companies, one pension-fund management company, one finance company, two lease finance companies, two financial intermediary companies, 11 bureaux de change, six bureaux de change counters, two cash remittance companies, one non-banking credit agency, two other financial institutions, and one representative office of an overseas financial institution.

## The Banking System

The primary legislation regulating Macao's financial services industry, the Financial System Act, was promulgated in 1993, and focuses on measures to strengthen risk management. In particular, it emphasises strict requirements on operators, and monitors the suitability of major shareholders and managers, and risks. The act also introduced a new monitoring system based on financial institutions and their subsidiaries. The act takes into account the recommendations of the Basel Committee on Banking Supervision and lessons learnt from the EU's experience in harmonising banking legislation, while drawing on the experiences of countries and territories whose financial systems are similar to that of Macao.

In accordance with the Financial System Act, the Chief Executive of the MSAR may, on an individual basis, approve the registration of credit institutions in Macao, the establishment of branches of overseas credit institutions, the setting-up of branches or representative offices outside Macao by locally registered credit institutions, and the establishment of financial intermediaries and other financial institutions in Macao, after considering the advice of the Monetary Authority. However, this provision does not include companies regulated by special laws.

In addition, under Decree-Law No. 58/99/M of 18 October 1999, the Offshore Service Law, the Chief Executive of Macao, may, on the advice of the Monetary Authority, grant permission for the establishment of offshore financial institutions.

At the end of 2017, the 29 banks in Macao owned assets with a total value of 1,526.7 billion patacas, and hired 6,237 employees at their 220 headquarters and branches. Total deposits in Macao's banking system amounted to 1,022.6 billion patacas, while loans totalled almost 896 billion patacas – the loan-to-deposit ratio being 87.6 percent.

When classified by source of origin, the banking system of Macao – excluding the government-operated Macao Postal Savings – has nine local registered banks, with the other currently operating banks being branches of banking groups registered overseas, which mainly come from seven countries and regions: mainland China, Portugal, the United States, the United Kingdom, Singapore, Taiwan and Hong Kong.

Moreover, the operations of Macao's banks now make extensive use of computer software and hardware. With the popularity of electronic banking, inter-bank ATMs are now found all over Macao, serving customers of different banks. Additionally, certain banks offer 24-hour banking services via channels including mobile phones and the Internet.

Notwithstanding their relatively rapid development in recent years, Macao's banks have continued to achieve new heights in terms of financial results, thanks to their strong business tradition, prudent operations, and stringent regulation. Macao's banks also boast healthy capital, full liquidity and quality assets, keeping the whole banking system safe and reliable.

## The Insurance Industry

### Market Overview

At the end of 2017, 24 insurance companies were permitted to conduct business in Macao. Of these, 11 were life insurance companies and the other 13 were engaged in non-life insurance. Classified by their origins, nine of these companies were local, and the other 15 were branches of overseas companies. In addition, two fund-management companies were authorised to conduct pension-fund businesses in the MSAR. At the end of 2017, Macao's insurance industry employed 565 people. There were 6,137 authorised insurance intermediaries: 4,523 individual agents, 1,520 salespersons, 83 corporate agents, and 11 insurance brokers.

In 2017, total insurance premium income was 21.9 billion patacas, 6.8 percent more than that in 2016. Life insurance premium income accounted for 89.6 percent of the insurance market's total income, with the remaining 10.4 percent coming from non-life insurance. Life insurance premiums totalled 19.64 billion patacas, up by 6.9 percent from the previous year. Non-life insurance premiums totalled 2.28 billion patacas, representing an increase of 5.9 percent.

At the end of 2017, seven life insurance companies and two pension-fund management companies were providing private pension fund management services. So far, 58 pension funds have been established under the Legal Framework for Private Pension Funds, of which four are closed-end funds and 54 are open-end funds. To date, 1,133 private pension fund schemes have been established by businesses or individuals, benefiting more than 146,000 people. The assets of the managed funds totalled about 20.8 billion patacas.

### Supervision and Regulation of the Insurance Industry

In Macao, the duty to supervise, coordinate and inspect insurance activities rests with the Chief Executive, with the Monetary Authority authorised to perform these functions.

The Macao Insurance Law, the Legal Framework for Private Pension Funds, and the Insurance agents and Brokers Law have been formulated to regulate insurance companies, private pension fund management companies, and insurance intermediaries, respectively.

The Macao Insurance Law stipulates the terms and conditions of insurance and reinsurance activities in Macao. The existing law was amended in 1997, with the purpose of aligning the regulatory levels of Macao's insurance activities with that of international standards. The law covers requirements for obtaining a licence, and the mandatory establishment of margins of solvency, technical reserves and financial disclosure. As the law has been enacted for many years, certain provisions required amending in response to the changing international trend in regulations, to meet the regulatory requirements. The Monetary Authority finished compiling the proposed amendment bill on the law in 2017.

The Legal Framework for Private Pension Funds came into effect in 1999. The law requires that a pension fund must be managed by a life insurance company or a company established for the management of the pension fund. To further protect the interests of retirees, the legal framework also lays down articles regulating the management of pension funds.

The Legal System on Insurance Intermediaries, formulated in 1989 and amended in 2001 and 2003, regulates the business practice of insurance intermediaries, the minimum requirements for obtaining an intermediary licence, the rights and duties of an intermediary, and the statutory power of regulatory bodies.

## Compulsory Insurance

There are seven categories of compulsory insurance in Macao, all of which require uniform policy wording and tariff rates. The compulsory insurance categories include: motor vehicle (third-party risks) insurance, employees' compensation insurance, professional liability insurance for travel agents, public liability insurance relating to the installation of publicity and advertising objects, third party liability for pleasure boats, civil liability insurance for lawyers, and civil liability insurance for medical service providers.

## Insurance Intermediaries Quality Assurance Scheme

To raise the overall level of professionalism of insurance intermediaries, it is required that all applicants must pass a qualification examination before obtaining an intermediary licence and conducting insurance business in Macao. In 2017, a total of 5,366 candidates sat the insurance intermediary qualification examination, with a pass rate of 85.1 percent.

As investment-linked assurance products are gaining popularity and the nature of these products is complex and hard to understand, to better protect customer interests and ensure that all intermediaries possess basic product knowledge, it became mandatory from 1 July 2011 for all intermediaries intending to sell investment-linked insurance products to pass a qualifying examination. By the end of 2017, a total of 867 candidates had sat the qualifying examination, with a pass rate of 82.9 percent.

The Monetary Authority launched the Continuing Professional Development Programme for Insurance Intermediaries in 2017, to encourage the intermediaries to promote professionalism and long term development opportunities in the insurance sector through further study.

To further safeguard customer interests, the Monetary Authority has enacted various rules that set standards for data disclosure methods and procedures for insurance companies. The rules include detailed explanations of the cooling-off period specific to life insurance policies, and the rights and interests concerned, guidelines regarding life insurance, and the Guidelines on Benefits of Life Insurance Products (other than Class C Products) promulgated in 2017, which aim to ensure proper regulation of the expected return for customers of non-investment-linked life insurance policies, and to increase transparency for disclosure of non-guaranteed benefits of these policies.

## The Construction and Real Estate Industry

The average sales price for residential units in 2017, calculated in terms of usable floor area, was 100,822 patacas per square metre, 16.8 percent higher than the previous year's figure. The average prices per gross floor area for residential units on the Macao peninsula, Taipa and Coloane were 91,769 patacas, 115,160 patacas and 128,205 patacas per square metre, respectively. The average prices for completed units (90,412 patacas) and uncompleted units (137,597 patacas) were 15.7 percent and 16.3 percent higher than the previous year's figures respectively.

In 2017, the unit prices of offices and industrial units were 113,198 patacas and 54,411 patacas per square metre, up by 13.1 percent and 14.4 percent, respectively.

In 2017, the number of housing units and parking space transactions was 13,985, down 0.9 percent year on year. The transaction value totalled 85.23 billion patacas, up 15 percent year on year.

A total of 10,581 residential units – representing a year-on-year increase of 411 unit– with a total value of 69.44 billion patacas changed hands in 2017; the figure was up by 18.2 percent from 2016. The transaction values of uncompleted units (totalling 2,043) and completed units (totalling 8,538) were 20.41 billion patacas and 49.04 billion patacas, respectively.

In 2017, construction permits had been granted for a total of 3,111 residential units, with a total gross floor area of 288,000 square metres. The gross floor area of residential buildings for which occupying permits had been granted was 338,000 square metres, providing a total of 4,318 residential units.

The price index of construction materials for residential buildings in 2017 rose by 1.8 percent year on year, to 135.2.

The real wage index for construction workers, discounted for inflation, averaged 107.8, up 5.8 percent on the previous year, while that of local construction workers increased by 2.6 percent, to 131.5.

## Employment and the Labour Market

In 2017, the full-year unemployment rate was two percent, up slightly by 0.1 percentage points from 1.9 percent in 2016. The unemployment rate among local residents remained the same as the figure in 2016 at 2.7 percent.

In 2017, Macao recorded a labour population of 387,400 people, and a participation rate of 70.8 percent. The labour participation rate for males was 76 percent, and for females was 66.3 percent. Classified by age and gender, the 25-34 age group achieved the highest average labour participation rate, of 92.5 percent (97.5 percent for men and 88.1 percent for women).

### Employment

In 2017, Macao's employed population decreased 2.54 percent over the previous year and

totalled 379,800, of whom 49.6 percent were male and 50.4 percent were female. Broken down by sector, the working population was mainly engaged in cultural, entertainment, gaming and other service industries (24.3 percent); hotels and catering (14.4 percent); construction (8.6 percent); and wholesale and retail (12.1 percent). Classified by occupation, clerical workers, service and retail workers, and non-technical workers accounted for 27 percent, 21.5 percent and 17.5 percent, respectively, of the entire working population.

Of the employed population, 11.7 percent had primary school education qualifications, 20.6 percent had completed junior secondary school education, 29.7 percent had completed senior secondary school education, and 35.5 percent had completed tertiary education. The main age group in the employed population was 25 to 34, accounting for 30.8 percent of the working population, while the age groups of 35 to 44 and 45 to 54 accounted for 24 percent and 22.5 percent, respectively.

## Unemployment and Underemployment

In 2017, Macao recorded an unemployed population of around 7,600. Among the unemployed, 87.5 percent had work experience and were looking for jobs, whereas 11.8 percent had not worked before and were looking for their first job. In terms of education, 15.7 percent of the unemployed had completed only primary education; 22.6 percent had completed junior secondary, 24.2 percent had completed senior secondary, and 32.6 percent had completed tertiary education.

Among the unemployed, 27.5 percent were from the cultural, entertainment, gaming and other services sector, 15.9 percent from the wholesale and retail industry, 20.4 percent from the construction industry, 13.2 percent from the hotel and catering sector. The major causes of unemployment were personal or family reasons (38.6 percent), termination of temporary jobs (19.7 percent), dismissal (13.7 percent), and unsatisfactory work conditions (14.5 percent).

## Monthly Earnings

In 2017, the overall median monthly income of Macao's employed population was 15,000 patacas, which remained at the 2016 level, while that of local residents was 19,000 patacas, representing a year-on-year increase of 1,000 patacas. The median monthly income of the cultural, entertainment, gaming and other services sector, which employed the largest number of workers, was 19,000 patacas. Sectors with the highest median monthly income were, in descending order, public administration and social security (37,400 patacas), water, electricity and gas production and supply (29,000 patacas), and the education sector (25,000 patacas).

## Non-Resident Workers

To alleviate local labour shortage, at the end of December 2017, Macao had 179,456 non-resident workers, representing an increase of one percent year on year. The hotel and catering industry accounted for the largest share of non-resident workers (28.5 percent), which was followed by construction workers (16.8 percent), household jobs (15 percent), wholesale and retail (11.8 percent), and real estate and business and services (11 percent).

## Financial Management

### Financial Services Bureau

The Financial Services Bureau is mainly responsible for supervising, coordinating and monitoring the financial activities of public departments of the MSAR.

The Financial Services Bureau fulfils its public finance management function by supervising the financial operations of the MSAR in accordance with the law. It puts in place a set of regulations and guidelines concerning budget management, and enhances its financial supervision over autonomous entities. The principle of setting budgets is that public resources should be allocated in the way that most appropriately serves the best interests of the public.

In accordance with the annual budget passed by the Legislative Assembly, the Financial Services Bureau oversees the financial status of each public department, and ensures compliance with the public accounting system and regulations, guaranteeing legitimacy of all expenses. These rigorous administrative measures are designed to maintain balance of the Government's revenues and expenses, foster steady economic development and increase the international competitiveness of Macao.

To fulfil the functions of coordinating and monitoring the financial operations of public departments, the Financial Services Bureau compiles the Budget of the Macao Special Administrative Region ("General Budget") and General Accounts of the Macao Special Administrative Region ("General Accounts") on an annual basis.

### Budget of the Macao Special Administrative Region

The Budget of the Macao Special Administrative Region includes two parts: the comprehensive government budget, and the budget for specific organisations.

The comprehensive government budget adopts cash-basis accounting, and covers public departments that can be categorised into non-autonomous departments, autonomous administrative departments, and autonomous entities. A budget fiscal year is from 1 January to 31 December. Every year, the schedule for submitting budget proposals and the special requirements for compiling budget proposals are stipulated via an Executive Order. After consolidating the budget proposals of all public departments, a comprehensive budget proposal is submitted to the Chief Executive and later to the Legislative Assembly for discussion. The budget proposal can only come into effect after it has been approved by the Legislative Assembly and published in the *Macao SAR Gazette*. The General Budget lists all government income and expenditure. Any income that is not included in the General Budget should not be received. At the same time, expenses of public departments must not exceed the maximum levels stipulated in the General Budget.

The budget for specific organisations adopts accrual accounting, mainly as these organisations are engaged in special businesses such as credit, insurance, financial investment or postal services, as accrual accounting is necessary to truly reflect their financial status. Those considered as engaging in special businesses include the following eight organisations: Macao Post and Telecommunications Bureau, Macao Postal Savings, the Pension Fund, Monetary Authority of Macao, Automobile and Maritime Security Fund, Macao Foundation, Deposits Guarantee Fund, and the Social Security Fund.

## General Accounts of the Macao Special Administrative Region

The Budget of the Macao Special Administrative Region regulates government income and expenditure, while the General Accounts of the Macao Special Administrative Region record the Government's actual financial situation. The General Accounts are in two parts. The first part – on the general comprehensive government budget – reflects the results of implementing the general comprehensive budget as well as the year-end financial situation, and is prepared according to cash-basis accounting.

The second part – the budget of specific organisations – adopts accrual accounting to reflect the overall operating results of six specific organisations. The Financial Services Bureau is required to submit the information necessary for the General Accounts of the Macao Special Administrative Region to the Commission of Audit within five months of the end of a financial year, to facilitate the audit process.

## Management of Public Property

The Public Property Management Department under the Financial Services Bureau is responsible for the management and maintenance of the durable assets of the Government. This includes carrying out procedures related to trading in the Government's physical property, assisting with clarification of the characteristics of vehicles owned by each government department, holding open tenders for goods and services required by the Government, organising and updating records of durable assets and lists of assets, and analysing the tangible asset accounts of public departments.

To implement the above responsibilities, the Financial Services Bureau holds public auctions each year for vehicles and goods that are deemed unusable by government departments or are appropriated to the Government of Macao Special Administrative Region. To increase its revenue, the Government announces auction dates and ensures that auctions adhere to the principle that the highest bid wins. The Financial Services Bureau conducts open tenders for goods needed by various public departments. The tender notice is published in local newspapers, the *Macao SAR Gazette* and the Financial Services Bureau website, and the transparency of both options and tender procedures is thereby enhanced. Natural persons or companies already registered with the Business Registration Centre of the Financial Services Bureau as engaging in businesses related to items included in the tender can participate in the bidding for all or part of the commodities. The winner is generally the bidder who makes the best offer in terms of price, quality of goods, past delivery quality and delivery date.

The management of public property also includes the duty of allocating and managing government quarters and parking lots, as well as the maintenance of such quarters. Other duties include renting office venues, warehouses, housing and car parks for both non-independently and independently administered departments, as well as making recommendations on the usage of government-owned properties and community and infrastructure facilities, and handling property and facility transfers.

## Sources of Tax Revenue

## Government Tax Revenue

Tax income provides funds for the administrative activities of all public entities. Macao has adopted a simple taxation structure with low tax rates. The annual assessment period is from 1 January to 31 December. Taxes levied in Macao include gaming tax, business tax, corporate income tax, personal income tax, real estate tax, tourism tax, motor vehicle tax and asset transfer stamp duty.

## Gaming Tax

The operators of all types of gaming activities, including casino gaming, horse racing, dog racing and lottery bets, are liable to pay a certain percentage of their gross revenues in tax, or pay tax according to other levy scales. Gaming tax is calculated by gross casino gaming revenue taxed at the rate of 35 percent. Gaming tax is the Government's major source of revenue.

## Business Tax

The Regulations on Business Tax require that business tax be levied on all natural persons and legal persons operating any activity with the nature of industrial or commercial business. The amount of tax depends on the fixed amounts stipulated in the Table of General Activities contained in the Regulations on Business Tax. Although business tax is typically 300 patacas a year, for commercial banks the tax is 80,000 patacas, plus a sales tax of five percent.

*Note: Pursuant to Article 11 under the Budget of the Financial Year of 2017, approved by Law No. 11/2016, in 2017, no amount of industrial tax set out in Table 1 and 2 under the Regulations for Industrial Tax shall be collected.*

## Profit Tax

Regulations on Profit Tax require that profit tax be levied on the total income of natural persons or legal persons from local industrial or commercial activities. Rates of profit tax are as follows:

Taxable annual revenue	Percentage
Revenue up to 32,000 patacas	Waived
<b>Progressively in excess of designated amount:</b>	
32,001 patacas to 65,000 patacas	3%
65,001 patacas to 100,000 patacas	5%
100,001 patacas to 200,000 patacas	7%
200,001 patacas to 300,000 patacas	9%
Over 300,000 patacas	12%

*Note: Pursuant to Article 20 of the Budget of the Financial Year of 2017 approved by Law No. 11/2016, the tax allowance for profit tax in 2016 is set at 600,000 patacas.*

## Personal Income Tax

Regulations on Personal Income Tax require that personal income tax be levied on working income. Personal income tax payers are classified into two groups. One group is those working for others in any occupation, including daily wage earners and employees. The second group is self-employed freelance professionals. Personal income tax rates are as follows:

Taxable annual revenue	Percentage
Revenue up to 95,000 patacas	Waived
<b>Progressively in excess of designated amount:</b>	
Up to 20,000 patacas	7%
20,001 patacas to 40,000 patacas	8%
40,001 patacas to 80,000 patacas	9%
80,001 patacas to 160,000 patacas	10%
160,001 patacas to 280,000 patacas	11%
Over 280,000 patacas	12%

*Note: Pursuant to Article 17 of the Budget of the Financial Year of 2017 approved by Law No. 11/2016, in 2017, a tax reduction of 30 percent was set for personal income tax, while the tax allowance for personal income tax in 2017 is set at 144,000 patacas.*

## Tourism Tax

Regulations on Tourism Tax require that a five-percent tourism tax be levied on the prices of services offered by hotels and similar establishments, gyms and saunas, massage parlours and karaoke bars.

*Note: Pursuant to Article 15 of the Budget of the Financial Year of 2017, approved by Law No. 11/2016, in 2017, tourism tax shall be exempted for the settlement of services provided by luxury, class-1 and class-2 restaurants, and those venues that are established in hotels yet operating independently, particularly those under a different trade name.*

## Real Estate Tax

Regulations on Urban Real Estate Tax require that real estate tax be levied on the revenue of local housing properties, and that the tax rate shall be six percent on the taxable revenue for non-leased properties, while that for leased properties shall be ten percent.

*Note: Pursuant to Article 19 of the Budget of the Financial Year of 2017, approved by Law No. 11/2016, in 2017, a tax reduction of up to 3,500 patacas per property is available for urban properties for tax subjects who are natural persons with right of residence in the Macao Special Administrative Region.*

## Asset Transfer Stamp Duty

Transfer of an immovable asset before death, whether such transfer be temporary or permanent, or paid or unpaid, is subject to asset transfer stamp duty at the following rates:

Taxable area	Tax rate
Paid transfer of an immovable asset with a value of up to two million patacas	1%
From over two million patacas to four million patacas	2%
Over four million patacas	3%
Unpaid transfer of an asset	5%

*Note: Pursuant to Article 13 of the Budget of the Financial Year of 2017 approved by Law No. 11/2016, stamp duty shall be exempted for eligible taxpayers who purchase residential properties that are worth up to three million patacas in 2017.*

## Excise Duty

Pursuant to Article 2 of Law No. 4/99/M of the Excise Duty Regulations on 13 December 1999, alcoholic drinks (Group II) and tobacco (Group III) are considered as excise duty taxable since the time they are produced or they enter Macao. Alcoholic drinks are levied an ad valorem tax subject to CIF (cost, insurance and freight) as well as fixed tax, while tobacco products are levied excise duty of fixed amounts.

## Motor Vehicle Tax

Natural persons or legal persons importing new motor vehicles for their own use, or buying new motor vehicles for resale or for their own use are subject to motor vehicle tax based on the taxable value of motor vehicles. The applicable tax rates are as follows:

Heavy and light motorcycles		
Level of taxable value (patacas)	Corresponding rate of each level	Effective average tax rate
Up to 15,000 patacas	---	24%
From over 15,000 patacas to 25,000 patacas	35%	32%
From over 25,000 patacas to 40,000 patacas	40%	42%
From over 40,000 patacas to 70,000 patacas	45%	50%
Over 70,000 patacas	---	50%

Cars		
Level of taxable value (patacas)	Corresponding rate of each level	Effective average tax rate
Up to 100,000 patacas	--	40%
From over 100,000 patacas to 200,000 patacas	50%	46%
From over 200,000 patacas to 300,000 patacas	80%	60%
From over 300,000 patacas to 500,000 patacas	90%	72%
Over 500,000 patacas	--	72%

### Registered Auditors and Accountants

At the end of 2017, there were 14 registered auditing companies, three registered accounting firms, 115 registered auditors and 189 registered accountants in Macao.

### The “Mainland Factor” in Macao’s Economy

Under the principle of “One country, two systems”, the Government actively strengthens economic and trade interaction and cooperation with provinces and cities in mainland China through appropriate institutions and mechanisms, further developing Macao’s role as a gateway and bridge. Implementation of the Mainland China and Macao Closer Economic Partnership Arrangement (CEPA) on 1 January 2004 and the framework agreement for Pan-Pearl River Delta (PPRD) regional cooperation signed in June 2004 marked new milestones for economic and trade cooperation between Macao and mainland China. Macao’s emphasis on economic cooperation with mainland China and the use of the enormous China market as its hinterland has enhanced its economic position.

At the same time, mainland China capital has become the growth engine for Macao’s economic development. Mainland China-funded enterprises mainly engage in manufacturing, trade, finance, tourism, construction, transportation and insurance.

In March 2017, the Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area Metropolis was incorporated into the national government work report. Subsequently, in July, the National Development and Reform Commission and the governments of Guangdong, Hong Kong and Macao signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area. In the report of the 19th National Congress issued in October, it is stated that the Central People’s Government will continue to support Hong Kong and Macao in integrating their development into the overall development of the country, give priority to the development of the Guangdong-Hong Kong-Macao Greater Bay Area, cooperation between Guangdong, Hong Kong, and Macao, and regional cooperation in the Pan-Pearl River Delta Region, thus fully advancing mutually beneficial cooperation between mainland China, Macao and Hong Kong.

In December 2017, mainland China and Macao signed the CEPA Investment Agreement and CEPA Agreement on Economic and Technical Cooperation to foster further cooperation among

industries of the two sides. A new chapter on “Deepening Co-development of the Commercial and Trade Cooperation Service Platform between China and Portuguese-speaking Countries” has been incorporated into CEPA Agreement on Economic and Technical Cooperation. Macao will keep raising its international competitiveness while promoting commercial and trade cooperation between China and Portuguese-speaking countries. Another new chapter on “Deepening Commercial and Trade Cooperation in Development of Belt and Road” has also been added. Mainland China also supports Macao’s participation in the development of the “Belt and Road” initiative through a wide range of measures, including the establishment of a work-related communication mechanism, sound information exchange channels and an exchange platform, cooperation in production capacity, and exploration of markets along the “Belt and Road”.

### **Interconnections with Other Mainland China Provinces and Cities**

While striving to maintain close economic and trade relations with its neighbouring regions, the Government works to actively explore and enhance exchanges and cooperation with other provinces and cities in mainland China. Macao has already established healthy interactive relationships with a number of mainland China provinces, cities and autonomous regions, including Beijing, Tianjin, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Fujian, Guangdong, Sichuan, Shaanxi and Hubei, developing every aspect of economic and trade cooperation.

In February 2017, Chief Executive Chui Sai On led a government delegation to Guangzhou and Fuzhou to convene, in collaboration with the provincial governors and senior officials, Guangdong-Macao and Fujian-Macao meetings on the “Belt and Road” initiative, to discuss cooperation and participation in the development of the “Belt and Road”.

In March 2017, Secretary for Economy and Finance Leong Vai Tac led a delegation to attend the Boao Forum for Asia Annual Conference 2017, held in Boao, Hainan.

In May, June and September 2017, the IPIM organised a delegation of Macao entrepreneurs and a delegation from Macao’s economic and trade sector, to join the 10th Central China Investment and Trade Expo in Anhui, Hefei; the Beijing International Fair for Trade and Services in Beijing; the China Tianjin Overseas Chinese Business Development Conference 2017 cum World Project and Commodity of Global Entrepreneurs Expo in Tianjin; the 20th China Chongqing International Investment and Global Sourcing Fair in Chongqing; and the 2017 China International Fair for Investment & Trade (CIFIT Xiamen) in Xiamen, Fujian.

The 2017 MIECF, hosted by the Government and co-organised by 10 provincial/regional governments in the PPRD region, was held from 30 March to 1 April 2017 in Macao. Members of the PPRD regions (9+2) set up their own pavilions and sent delegations to participate in the event.

### **Relationship with Guangdong Province**

The PRD offers Hong Kong and Macao investors a vast area for expansion, with capital and technology from Hong Kong and Macao driving the region’s economic development.

The Guangdong-Macao Cooperation Joint Conference mechanism was established in 2003. The conference set six priority projects for cooperation between the two regions. These were the

service sector, the Zhuhai-Macao Cross-border Industrial Zone research on the joint development of Hengqin Island, a major cross-border traffic network, tourism, and cooperation between ports.

The Zhuhai-Macao Cross-border Industrial Zone, with a first-phase area of 400 thousand square metres, was approved by the State Council on 5 December 2003. The Zhuhai-Macao Cross-border Industrial Zone aims to enhance development of industries, and serves as a hub for logistics, transshipments and exhibitions.

In March 2011, the Framework Agreement on Cooperation Between Guangdong and Macao was signed in Beijing, representing a new milestone in the history of cooperation between the two places. The agreement has eight chapters and 38 articles, encompassing all areas of economic, social and cultural cooperation as well as cooperation in people's livelihoods. It serves to define the approach, principles and objectives of Guangdong-Macao cooperation, and covers major cooperative projects including joint development of Hengqin Island, synchronised development of industries, infrastructure and customs clearance facilitation, community public services and regional cooperation planning. On 19 April in the same year, the Implementation of the Major Tasks for the Framework Agreement on Cooperation Between Guangdong and Macao, the Agreement on the Joint Implementation of the CEPA Pioneer Demonstration Zone in Nansha between Guangzhou and Macao, and the agreement on the joint development of Guangdong-Macau Traditional Chinese Medicine Technology Industrial Park by Zhuhai municipality and the MSAR Government were signed. Guangdong and Macao have since continued to maintain close interactions and gradually implemented the cooperative projects.

In 2014 and 2016, through the assessment mechanism under the Assessment Committee for Macao Projects for Hengqin Development, the Government recommended a total of 83 projects for Hengqin, including the first batch of 33 projects, and the remaining 50 projects that were intended for development in the Guangdong-Macao Cooperation Industrial Park. By the end of December 2017, 20 projects – mainly covering tourism and leisure, culture, new and high technologies, science, education, research and development, and trade and logistics – moved into their sites at the industrial park and commenced work on establishing their operations.

In January 2017, the IPIM and the Guangzhou Municipal Commission of Commerce co-organised the Macao-Guangzhou Fine Products Fair 2017. The Macao-Portuguese-speaking Countries-Guangzhou Commercial and Trade Fair 2017 was also held during the same period.

In July 2017, the IPIM and the Department of Commerce of Guangdong Province co-organised the 2016 Guangdong and Macao Branded Products Fair. The Forum on Economic Cooperation in the Guangdong-Hong Kong-Macao Bay Area-Dissemination and Effects of the Platform between China and Portuguese-speaking Countries was also held during the same period. The 2017 Macao Franchise Expo was again held during the same period in the same venue, for optimum synergy.

In October 2017, the Department of Commerce of Guangdong Province continued to act as the official co-organiser for the 22nd MIF – Macao International Trade and Investment Fair and arranged for participation by enterprises. At the fair, the IPIM and the Department of Commerce of Guangdong Province signed the Memorandum of Strategic Cooperation between the Department of Commerce of Guangdong Province and Macao Trade and Investment Promotion Institute for enhancing trade and economic cooperation between Guangdong and Macao.

## Relationship with Jiangsu Province

While enhancing cooperation with Guangdong and PPRD, the Government puts equal emphasis on cooperation along the Yangtze River economic belt by commencing specialised cooperation with provinces including Jiangsu, thereby further promoting adequate economic diversification of Macao's economy. We expect to become more deeply involved in the country's development through regional cooperation, and will strengthen our position and functions in the course of China's economic development and opening up.

According to the Memorandum on the Collaborative Establishment of Jiangsu-Macao Cooperation Zone signed in October 2016, the Macao SAR Government and the People's Government of Jiangsu Province joined hands in developing the Jiangsu-Macao Cooperation Zone in Changzhou. In 2017, the two parties upheld the principle of scientific administration and timely planning, to jointly carry out opinion collection, survey and research, as well as formulation of a plan in preparation for the development of the cooperation zone.

On 3 December 2017, the first Joint Conference on Jiangsu-Macao Cooperation Zone for Senior Officials was held in Changzhou. During it, the two parties discussed the boundaries, overall proposal, and overall plan for the cooperation zone, as well as key tasks in 2018, and reached a consensus on proceeding with further development.

Jiangsu and Macao have maintained close commercial and trading cooperation. Jiangsu has attached particular importance to leveraging the advantages of Macao as a platform for China and Portuguese-speaking countries. Since 2011, the Jiangsu-Macao Industrial and Commercial Summit of Portuguese-Speaking Countries has been hosted by the Macao International Trade and Investment Fair for seven consecutive years. A cooperation mechanism has been established by the two sides, which has in turn developed a system for regular cooperation between Jiangsu, Macao and Portuguese-speaking countries in commercial and trading, cultural and education fields. Besides, there has been cooperation between Jiangsu and Macao in tourism, education, training of social service personnel, healthcare and hygiene.

## Economic Services Bureau

The Economic Services Bureau is mainly responsible for assisting in the formulation and implementation of economic policies covering economic activities, intellectual property and other areas designated by law as its responsibilities.

## Industrial Licences

Under Decree-Law No. 11/99/M dated 22 March 1999, all assembly and processing manufacturing enterprises licensed under Decree-Law No. 55/97/M dated 9 December 1997 and listed in Category D of the first revised edition of the Macao Industries Classification Index must apply for industrial licences from the Economic Services Bureau. Under Article 11 of Decree-Law No. 11/99/M, it is strictly prohibited to carry out the above activities in residential buildings.

Applications for industrial licences are classified as "general system" (for industrial buildings), "special system" or "special activities". In 2016, the charges for applying for all new or renewed industrial licences were waived.

In 2017, the Economic Services Bureau issued five general-system industrial licences and 21 special system/special activities industrial licences. In addition, five general-system industrial unit licences and 27 special-system/special-activity industrial unit licences were issued, 21 industrial licences and 26 industrial unit licences were revoked, and 139 industrial licences were re-issued due to the transfer, removal or merger of industrial establishments, or because information relating to them had changed.

### **Certificates of Origin**

Certificates of Origin (CO) may be applied for from the Economic Services Bureau. These are used to prove to a third party that exports have been sufficiently assembled and processed in Macao, and are thus classified as products originating in Macao. According to By-law No. 29/2003 Regulations on Certificates of Origin, which was amended by By-law No. 20/2016 that came into force on 4 August 2016, the charge for issuing certificates of origin has been cancelled, to reduce trading operating costs.

Certificates of Origin are classified into four types: General Certificates of Origin apply to general customs clearance; Generalised System of Preferences (GSP) Certificates of Origin apply to customs clearance in importing countries and regions that use GSP; Certificates of Origin (Foreign Products) are used for proving that Macao was not the origin of products re-exported via Macao; CEPA Certificates of Origin are for goods of Macao origin that enjoy zero tariff and other incentives under CEPA.

In 2017, the Economic Services Bureau issued 1,053 general certificates of origin; major export destinations included the United States and mainland China, accounting for 24 percent and 26 percent of the total issuance, respectively. It also issued 542 certificates of origin for CEPA.

### **Certificates of Macao Service Suppliers**

To enjoy the incentives and benefits under CEPA, all Macao enterprises that conform to Annex 5 of CEPA, all regulations in supplementary protocols and Annex 3 of the Agreement on Trade Services under CEPA are required to apply to the Economic Services Bureau for a Certificate of Macao Service Supplier. From 1 January 2004, when CEPA was implemented, to 31 December 2017, the Economic Services Bureau issued 628 Certificates of Macao Service Suppliers.

### **Export and Import Licences**

Licences for Export and Import are regulated by External Trade Law (Law No. 7/2003), as amended by Law No. 3/2016 dated 4 July 2016. Under the law, any natural person or legal person may engage in external trade activities, provided the Government holds evidence that they have fulfilled their tax obligations, particularly those involving business tax and excise duty. Macao exercises minimal controls over import and export activities that are consistent with its international obligations, and considerations of environmental, sanitary, safety and security issues.

The laws and regulations that currently govern imports and exports include:

1. Law No. 7/2003 of the External Trade Law amended by Law No. 3/2016 dated 4 July 2016;

2. By-law No. 28/2003 on External Trade Operations amended by By-law No.19/2016 dated 18 July 2016 ;
3. Executive Order No. 487/2016 (Table of goods for self use or self consumption; Exportation Table [Table A] and Importation Table [Table B]; and table of goods requiring health quarantine/plant quarantine);
4. Law No. 2/2017 on enforcement laws and regulations regarding the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
5. Law No. 4/99/M of the Excise Duty Regulations amended by Law No. 8/2008 on 25 August, Law No. 7/2009 on 25 May, Law No. 11/2011 on 19 December, and Law No. 9/2015 on 13 July;
6. Decree-Law No. 62/95/M about the formulation of policies and measures on the Control and Reduced Use of Ozone-Depleting Substances and its related regulations;
7. Executive Order No. 425/2009 setting a limit on the annual import of HCFCs, in Table C of Executive Order No. 78/GM/95, issued on 4 December;
8. Decree-Law No. 51/99/M regulating commercial or industrial activities concerning computer programs, audiovisual products; and
9. Law No. 17/2009 prohibiting the illegal production, trafficking and consumption of narcotics and psychoactive drugs, and other relevant regulations, amended by Law No. 4/2014 dated 8 April and Law No. 10/2016 dated 28 December.

According to law, licences for commodities that are subject to the special regime, listed in Exportation Table A and Importation Table B (contained in Annex II of Executive Order No. 487/2016), must be applied for in advance, regardless of the type of import or export. These licences are issued by authorised institutions. The Economic Services Bureau is authorised to issue such licences.

Regulated exported goods include:

10. Species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (contained in Chief Executive Notice No. 43/2017) ;
11. Ozone-depleting substances;
12. CD ROM production facilities;
13. Weapons, ammunition and related parts and accessories; and
14. Pharmaceutical items and medicines, and certain chemicals.

Regulated imported goods include:

1. Drinks with alcohol concentrations of at least 30 percent by volume, and tobacco;
2. Motor vehicles;
3. Species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (contained in Chief Executive Notice No. 43/2017);
4. Ozone-depleting substances;

5. CD ROM production facilities and materials;
6. Live animals, meat and seafood, eggs and certain milk products;
7. Pharmaceutical products and drugs, and certain chemicals;
8. Weapons, ammunition and related parts and accessories;
9. Inflammable explosives;
10. Certain telecommunication transmitters and receivers; and
11. Petroleum products.

Since applications for export licences for textile and garment products were first processed electronically in the fourth quarter of 2000, the Economic Services Bureau has been stepping up its efforts to electronically process applications for import and export licences. Since the introduction of the pilot scheme for electronically processing the import licence applications of some products in 2004, the number of applications for electronic services gradually increased from 2005 to 2017, with product categories expanding to include cigarettes, alcohol, motor vehicles, and air conditioners containing HCFCs.

In 2017, the Economic Services Bureau issued 10,243 import licences and 1,487 export/re-export licences.

### **Protection of Intellectual Property Rights**

The Intellectual Property Department of the Economic Services Bureau is responsible for managing and enforcing laws relating to intellectual property rights; handling registration affairs relating to industrial property rights, including registration of trademarks, business names and logos; patents for inventions; utility patents, designs/new prototypes, semiconductor product topographies, places of origin/geographical indicators and awards. It is also responsible for updating and recording any remarks, extensions and acts of termination relating to industrial property rights. In addition, the department registers copyright and other related rights collectively managed by relevant organisations.

The Macao Customs Service is responsible for enforcement of legislation regarding intellectual property rights and implementation of punitive measures should they be infringed, to enhance fair competition and combat counterfeiting, thus promoting compliance with intellectual property rights and authorship regulations.

### **Intellectual Property Rights System**

The Copyright and Related Rights Code and the Industrial Property Law are currently the two major pieces of legislation related to intellectual property rights in Macao.

#### **Copyright and Related Rights Code**

In Macao, copyright is subject to legal regulation and protection. On 16 August 1999, the Copyright and Related Rights Law (Decree-Law No. 43/99/M) was gazetted; it came into effect

on 1 October that year, protecting copyright under clearly defined terms. The regulation provides full protection for works of literature, drama, music and art, movies and television broadcasting, as well as all original productions, and it fulfils the requirements of Trade Related Intellectual Property Rights formulated by the WTO.

To comply with the international protection standards arising from the special features of the modern information society, in 2012 the Government amended the Copyright and Related Rights Law approved by Decree-Law No. 43/99/M to produce Law No. 5/2012, which came into effect on 1 June the same year. The amended law enhances the rights and protection of copyright holders, art workers and producers, providing them with the rights of Internet transmission, distribution and commercial lease. At the same time, the law also adequately modifies the relevant criminal penalty to further protect copyright in a digital environment. Together, these measures more closely aligned Macao's copyright system with the latest international protection standards.

In Macao, copyright is an inherent right. A piece of work, whether issued, published, used or operated, already lends copyright to the author upon completion, allowing the author to enjoy related legal protection, even without registration. In general, copyright in Macao expires 50 years after the death of the author, including for works issued or published after death. However, the period of protection of individual pieces of work varies, depending on their type.

### The Industrial Property Rights System

The current Industrial Property Law was promulgated on 13 December 1999 and came into effect on 6 June 2000, replacing the previous rules and regulations. It was only then that Macao had its own industrial property rights laws and was able to completely fulfil its international duties.

The Industrial Property Law offers protection in the following eight areas: patents, including invention patents and utility patents; certificates of complementary protection for drugs and herbal medicines; topology maps of semiconductor products; industrial designs and new industrial products; trademarks; the names and logos of business establishments; places of origin and geographical indications; and awards.

### **Trademark Registration**

Any trademarks that fulfil the requirements of the Industrial Property Law may be registered in Macao, but registration is not compulsory. Trademark registration is geographical: trademark regulations in the Macao SAR protect only trademarks issued locally. Separate applications must be made in other countries and regions for protection there.

In 2017, the Intellectual Property Department of the Economic Services Bureau accepted 13,135 applications for trademark licences, representing an increase of 14.15 percent on the 11,507 applications processed in 2016. Applications were mainly from mainland China, the United States, Hong Kong, Macao, Japan and British Virgin Islands. As at 31 December 2017, the Economic Services Bureau had received a cumulative total of 147,489 applications.

### **Patent Registration**

From 6 June 2000, all applications for patents – including invention patents and utility patents,

designs and new products – may be submitted directly to the Economic Services Bureau.

The Economic Services Bureau and the State Intellectual Property Office (SIPO) signed the Cooperation Agreement on Intellectual Property between the State Intellectual Property Office and the Economic Services Bureau of the Macao SAR on 24 January 2003. They agreed to extend the applicability of SIPO patent approvals to Macao. The effective period of this agreement was five years, and it was extended for five more years in 2008 and again in 2013.

In 2017, the Economic Services Bureau accepted 441 applications for patent extensions for inventions, 86 patent registration applications, and applications for registration of 193 designs and new products. These applications were mainly from Japan, the United States, Hong Kong and mainland China. As at 31 December 2017, the Economic Services Bureau had received a cumulative total of 2,899 applications for patent extensions for inventions, 1,761 applications for patents, and applications for the registration of 1,967 designs and new products.

### **SME Assistance Programme**

Supporting the development of small and medium-sized enterprises (SMEs) has always been a focal point for the Government's policy. In 2003, in response to the prevailing socio-economic situation, three enterprise-finance programmes were introduced.

The scheme was revised again in May 2017, to offer secondary aid to enterprises that had already repaid their loans, streamline the application procedures, and refine the details of the scheme.

As at the end of December 2017, a total of 10,555 applications had been received, 9,234 of which were approved, involving financial aid amounting to 2.635 billion patacas. (The statistics include the applications for financial aid to cover losses arising from the impact Typhoon Hagupit in 2008). Enterprises receiving the loans are primarily engaged in retail, construction and public works, wholesale, restaurants and hotels, corporate services, and personal services including automobile and motorcycle repair and maintenance, and hair and beauty salons.

The SME Credit Guarantee Scheme was launched in August 2003. The scheme is designed to assist enterprises in obtaining bank loans for business development. The MSAR Government provides eligible enterprises with credit guarantees of up to 50 percent of a bank loan up to 1.5 million patacas. The scheme was revised in June 2009, with the maximum credit guarantee rate raised to 70 percent, and the maximum credit guarantee amount raised to 3.5 million patacas.

In May 2017, the scheme underwent another revision, with the maximum credit guarantee amount raised to 4.9 million patacas. From the scheme's commencement to the end of December 2017, the Government received 682 applications, involving a total loan amount of 1.769 billion patacas; 607 of the applicants obtained government credit guarantees totalling 1.548 billion patacas. Most applicants were from the construction and public works sector, followed by wholesaling, retailing, company services, transportation and warehousing, travel agencies, Chinese restaurants, other restaurants and hotels.

The SME Credit Assurance Scheme was launched in August 2003. The scheme is designed to assist SMEs in launching specific projects. On the financing front, the MSAR Government will provide eligible enterprises with credit guarantees of up to 100 percent of a bank loan up

to one million patacas.

The scheme was revised in May 2017, to include an additional item for commencement of new businesses. Since the scheme's implementation in late December 2017, the Government received 79 applications, involving a total credit guarantee of 65.04 million patacas; 66 of the applicants obtained 100 percent credit guarantees from the Government, with a total value of 55.64 million patacas. Of the approved cases, most were from retailing, followed by wholesaling, paper, printing and publishing, imports and exports, Chinese restaurants, other restaurants and hotels, textiles, garments and leather manufacturing, and personal services including automobile and motorcycle repair, and hair and beauty salons.

### **Young Entrepreneurs Aid Scheme**

To encourage young people in Macao to fulfil their dreams of starting their own businesses, and thereby fostering economic diversification and innovation in Macao, the Government launched an interest-free business start-up loan programme specially designed for young people. Interest-free financial assistance is provided to those who already have conceived the idea of starting a business and have already started the relevant operations, to relieve them of the pressure of funds shortage during the business start-up stage.

The Young Entrepreneurs Aid Scheme was launched in August 2013, with a maximum loan amount of 300,000 patacas and a longest repayment period of eight years. In August 2017, the scheme was revised, primarily to expand coverage to not only include young people who start businesses for the first time, but also provide assistance to enterprises established by young people who have previous experience of entrepreneurship; and enhanced training for youth entrepreneurship by requiring young entrepreneurs to enrol in relevant training programmes. By the end of 2017, a total of 1,596 applications had been received, 1,157 of which were approved, involving a total amount of 273 million patacas. The industries involved were mainly retail, corporate services, restaurants and hotels, wholesale, and personal services including automobile and motorcycle repair, and hair and beauty salons, as well as construction and public works.

### **Financial Support Scheme for SMEs**

To enhance e-commerce usage by Macao SMEs aiming to find customers and expand domestic and oversea markets with a modernised and cost-effective approach, and thereby promote Macao's e-commerce development, the Financial Support Scheme for SMEs was launched on 15 September 2014. It provides subsidies to SMEs, encouraging them to build, optimise and maintain their corporate websites for business purposes. The scheme was open for application for six months.

For those SME owners who had not yet opened a corporate website, in 2015 and 2016 the scheme partly sponsored the cost of building a website as well as the maintenance fees for the first three years, with a maximum total subsidy of 70 percent of the actual costs, or maximum amounts of 14,000 patacas and 6,000 patacas, respectively. For SME owners who had already set up a corporate website, in 2015 and 2016 the scheme sponsored the cost of optimising the existing websites, with a maximum subsidy of 70 percent of the actual cost, or a maximum amount of 5,000 patacas.

## Special Assistance for SMEs affected by Typhoon Hato

To provide support for SMEs affected by Typhoon Hato, the Government introduced two short-term relief measures through the Industrial and Commercial Development Fund – the Special Assistance Scheme for SMEs affected by Typhoon Hato and Post-disaster Financial Aid Scheme, to provide an interest-free loan of up to 600,000 patacas and post-disaster financial aid of up to 50,000 patacas to eligible SMEs, hawkers, self-employed individuals and owners of commercial vehicles affected by the typhoon. To expedite the application for and receipt of such aid by affected merchants, the Economic Services Bureau worked in collaboration with various government departments and chambers of commerce to set up application form collection and cheque dispatch stations in various districts. It also worked with banks to expedite the approval of applications under the Special Assistance Scheme for SMEs.

As of the application deadline on 30 September 2017, the Industrial and Commercial Development Fund received a total of 14,536 applications for post-disaster financial aids and 6,640 applications under the Special Assistance Scheme for SMEs. As of 31 December, 13,398 applications for post-disaster financial aids and 6,357 applications under the Special Assistance Scheme for SMEs, involving 568 million patacas and 1.796 billion patacas respectively, were processed.

## Monetary Authority of Macao

The Monetary Authority of Macao, formerly known as the Issuing Institute of Macao, functions as a quasi-central bank and has the power to supervise Macao's financial system.

In addition to supervising the monetary and financial markets according to current legislation, the Monetary Authority also actively promotes long-term financial stability and sustained development.

## Monetary Policy

Capital flows freely and currencies are freely convertible in Macao. The Government's currency policies are to defend Macao's currency and maintain its foreign exchange stability. The two policy tools used to achieve these objectives are the deposit reserve and monetary bills. The deposit reserve ratio is three percent for current savings, two percent for time deposits of less than three months, and one percent for time deposits of over three months. Monetary bills are a short-term money market tool issued by the Monetary Authority; and they are used to adjust the liquid capital of patacas in the financial system. The interest rate usually remains competitive with interbank offer rates in Hong Kong. In addition, the Monetary Authority of Macao adjusts liquidity in the money market via repurchase agreements and currency exchange contracts with the banks.

## The Pataca

The pataca has been the legal tender of Macao for more than a century. As early as 1905, the former Portuguese administration authorised the Banco Nacional Ultramarino (BNU) the monopoly right to issue pataca notes. The first pataca notes were issued on 27 January of the following year. At that time, the Mexican eight reales silver coin, called Pataca Mexicana in Portuguese, was very popular in Asia, and the pataca was named after it.

In 1980, the former Portuguese administration set up the Issuing Institute of Macau (Instituto Emissor de Macau), which was given the monopoly right to issue pataca notes. Since then, the Banco Nacional Ultramarino has continued to issue banknotes, but has acted only as the agent of the Issuing Institute of Macau. On 1 July 1989, the Monetary and Foreign Exchange Authority of Macau was created. The Government redeemed the right to issue patacas, but the Banco Nacional Ultramarino remained the agent bank for issuing notes. In October 1995, the Bank of China (BOC) became the second agent bank for note issuing. Although more than one bank is now authorised to issue notes in Macao, overall power to issue currency is retained by the Government.

Under the currency board system, all the patacas issued must be 100-percent-backed by foreign exchange reserves. As legal backing for the notes they issue, the agent banks for note-issuing are required to pay an equivalent amount in Hong Kong dollars to the Monetary Authority of Macao; in exchange they receive a Zero-Percent Certificate of Indebtedness at a fixed exchange rate of one Hong Kong dollar to 1.03 patacas. The 100-percent reserve backing system enables the Monetary Authority to ensure the full convertibility of the pataca into its reserve currency – the Hong Kong dollar – thus establishing the linked exchange rate relationship between the pataca and the Hong Kong dollar. As the Hong Kong dollar is pegged to the US dollar, the pataca is indirectly pegged to the US dollar at an exchange rate of one US dollar to about eight patacas.

The Government's policy is to support the circulation and use of the pataca without rejecting the circulation and use of other currencies. Decree-Law No. 16/95/M, Circulation of Local Currency – Mandatory Use of the Pataca, requires that any goods sold and services offered in local business transactions must be clearly priced in patacas; and they can also be simultaneously priced in one or more other currencies. Under the decree-law, regardless of the nature and objectives of the debts and transactions, no reasons or excuses can be used to decline settlement using the pataca.

From September 2002, the Bank of China began to provide deposit, remittance and exchange services in patacas in some major cities in Guangdong. The exchange business network has since been extended to cover nearly all provinces and municipalities in mainland China. This move is certain to increase the usage and circulation of patacas.

## Foreign Exchange Reserves

The Government consistently adheres to prudent investment strategies for managing foreign exchange reserves. Provided the balance of international payments remains healthy and the convertibility of the pataca is not compromised, investments in safe yet quality investment products will be made to achieve principal-guaranteed growth. The year-end balance of foreign exchange reserves in 2017 increased by 4.3 percent over 2016, amounting to 162.31 billion patacas.

## Fiscal Reserve

A fiscal reserve was established in early 2012, with the Monetary Authority of Macao responsible for its investments and management. Over the years, it has adopted a safe, effective and prudent investment approach. The capital of the fiscal reserve comes from the balance of the MSAR's reserve fund as well as the balance of past annual budgets. Balances amounting to 98.86 billion patacas were transferred to the fiscal reserve as start-up capital, while the remaining 54.2 billion patacas were transferred from the foreign exchange reserve. The MSAR's reserve fund was written off following the above transfers. At the end of 2017, the total asset value of the fiscal reserve, including the central budget balance for 2015 transferred early in the year,

was 490 billion patacas, representing a significant increase of 51.4 billion patacas over the same period in 2016.

The fiscal reserve comprises two parts: the basic reserve and the excess reserve. The basic reserve refers to the financial reserves that provide ultimate protection for the Government's ability to cover public finances, at an amount equal to 1.5 times the provisions for expenditures of central departments set out in the latest fiscal budget reviewed and approved by the Legislative Assembly. Meanwhile, the excess reserve is used mainly to facilitate the implementation of the Government's public financial policies as well as to protect the liquidity of public finances, and is the fiscal reserve balance after meeting the basic reserve requirement.

## **Trade and Investment Promotion Institute**

The Macao Trade and Investment Promotion Institute (IPIM) is a MSAR government department responsible for promoting external trade and attracting foreign investment.

### **Expediting Establishment of “Three Centres” as a Trade and Economic Cooperation Services Platform Between China and Portuguese-speaking Countries**

To further consolidate Macao's function as the trade and economic cooperation services platform between China and Portuguese-speaking countries, the IPIM has taken an “online and offline” approach to expediting the construction of three centres, which are: a commercial and trade service centre for SMEs in China and Portuguese-speaking countries, a trading hub for food and produce from Portuguese-speaking countries, and a convention and exhibition centre for economic and trade cooperation between China and Portuguese-speaking countries.

Following the commencement of the China and Portuguese-speaking countries' trade and economic cooperation and talent information website on 1 April 2015, there were 17,900 registered accounts by the end of 2017, with more than 2,000 registered suppliers and agents. Over 25,000 entries of information on food of Portuguese-speaking countries were published. There were more than 330 registered talents who are bilingual in Chinese and Portuguese, and nearly 1,000 professional service suppliers.

On 31 March 2016, the Portuguese-speaking Countries Food Products Exhibition Centre, in Tap Seac Square Commercial Centre, officially opened to showcase beverage and food from Portuguese-speaking countries. Each item on display was given a unique QR code so customers could easily access product information. A B2C online transaction service was available for certain products.

In 2016 and 2017, the IPIM cooperated with organisations and commercial associations of Macao to set up exhibition venues for food products of Portuguese-speaking countries at eight locations in Macao and in various provinces and cities in mainland China. Branches of the Portuguese-speaking Countries Food Products Exhibition Centre have been established at liaison/representative offices of the IPIM in mainland China (Fuzhou, Hangzhou, Shenyang, Chengdu, Guangzhou and Wuhan).

The IPIM worked in collaboration with mainland China's economic and trade departments, to organise enterprises from Macao and mainland China to participate in exhibitions and study tours in Portuguese-speaking countries, including organising a delegation consisting of Pan-Pearl

River Delta “9+2” provincial and regional representatives for a visit and study tour to Brazil and Portugal in March 2017; the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries held in Cape Verde in June; and the Forum on Business Opportunities between China and Portugal held in Portugal. The IPIM also participated in the Maputo International Trade Fair (FACIM) held in Mozambique and visited the local trade promotion organisations in August 2017.

## External Cooperation

The Macao Trade and Investment Promotion Institute (IPIM) is a member of World Association of Investment Promotion Agencies (WAIPA) and Asia Trade Promotion Forum (ATPF). In recent years, IPIM has signed cooperation agreements with trading organisations of various Portuguese-speaking countries and many provinces and regions of mainland China as well as the trade and economic authorities of the United States and Vietnam, to help local and overseas travelling merchants to explore business opportunities. Since 2006, IPIM has established liaison/representative offices in Hangzhou, Zhejiang Province; Chengdu, Sichuan Province; Shenyang, Liaoning Province, Fuzhou, Fujian Province; Guangzhou, Guangdong Province; and Wuhan, Hubei Province.

## Enterprise Expansion

The IPIM provides a series of enterprise expansion services for investors, including providing support services necessary for business and market expansion for Macao enterprises; providing promotion incentives for electronic business (B2B), and promotion of B2C application platforms in support of marketing of Macao enterprises through an electronic approach; establishing a business matching platform; helping investors find business partners and expand their markets by holding business matching sessions in economic and trade promotion events organised or co-organised by the IPIM; providing general office support services, including temporary small-scale modernised offices, conference rooms, computer equipment and wireless broadband internet services for investors who are planning to establish an enterprise; helping foreign investors understand the investment and business environment of Macao at a relatively low cost and within a short time, thereby reducing the startup cost required for running business in Macao; and organising or co-organising workshops and exchange sessions to provide industry information to enterprises and inform them of the situation with business development in Macao, thereby promoting business exchanges.

## Macao Ideas

Macao Ideas, established by the Macao Trade and Investment Promotion Institute (IPIM) and launched in May 2011, is the first merchandise exhibition centre in Macao dedicated to all things “Macao-manufactured”, “Macao-branded” and “Macao designed”, and an agent for products of Portuguese-speaking countries. The exhibition centre has nearly 2,000 items on rotating display. The on-site staff helped visitors to understand Macao enterprises and products, and provide negotiation and matching opportunities for exhibitors, thus creating business opportunities.

## Major Exhibitions and Events Hosted and Organised by IPIM

Events hosted and organised by the IPIM in 2017 included the 2017 Macao International

Environmental Co-operation Forum (2017 MIECF), Eighth International Infrastructure Investment and Construction Forum, 2017 Macao Franchise Expo (2017MFE), 2017 Guangdong and Macao Branded Products Fair, 22nd Macao International Trade and Investment Fair (22nd MIF), and Product and Service Exhibition of Portuguese-speaking Countries (Macao) (PLPEX).

The Innovative Eco-Tech Zone, alongside the Beijing Pavilion, Czech Pavilion and the Showcase Area for the 12th Five-Year Plan Environmental Technology Achievements made their debut in the 2017 MIECF. The Green Exchange platform was also set up as part of the online green business matching service platform.

The Belt and Road Infrastructure Development Index (2017) and its 2017 Report were introduced during the Eighth International Infrastructure Investment and Construction Forum, serving as a reference for enterprises that intend to invest in countries and regions along the Belt and Road.

In the past two years, the PLPEX was organised as part of the MIF. To further enhance Macao's function as a cooperation platform between China and Portugal, and to fully showcase products and services of Portuguese-speaking countries, the 2017 PLPEX was organised as an independent exhibition for the first time. The venue covered an area of more than 3,000 square metres, featuring 220 exhibition booths, representing an increase of over 60 percent over 2016. In all, 211 organisations and enterprises from mainland China, Macao, Hong Kong and Portuguese-speaking countries, registered users for the Portuguese-speaking Countries Food Products Database on the Portal, and professional service providers participated in the exhibition. More events were organised in parallel, to promote the products, services and culture of Portuguese-speaking countries.

### **One-Stop Service for MICE Bidding and Support**

IPIM launched a one stop service for convention and exhibition bidding and support in 2013, with a view to providing event organisers in Macao with all-round support. To motivate adequate industrial diversification, Macao will foster the development of the convention and exhibition industry through a convention-first approach.

The one-stop service for convention and exhibition bidding and support includes: hosting leading overseas conventions and exhibitions in Macao; providing convention and exhibition information to organisers; appointing designated staff to follow-up on implementation of exhibition projects to be held in Macao; providing assistance on application under project subsidy schemes; assisting with promotion of local and overseas events that the IPIM participate in; and assisting companies established in Macao to launch convention and exhibition projects. It also offers a matching service to parties looking for partners for collaborative conventions and exhibitions.

### **One-Stop Service for Investors**

IPIM's One-Stop Service for Investors provides all-round support and assistance to investors throughout the implementation of an investment project. The IPIM contacts potential investors and appoints dedicated staff to support their investments in Macao – all the way from simple consultation, to every administrative procedure involved. Also, free business matching services are offered through a web-based service platform, to help enterprises expand their market, and

to promote economic and trade cooperation and exchanges.

The Investment Committee – a liaison body comprising IPIM, Lands, Public Works and Transport Bureau, Economic Services Bureau, Labour Affairs Bureau, Macao Productivity and Technology Transfer Centre (CPTTM), Civic and Municipal Affairs Bureau, Financial Services Bureau, Monetary Authority of Macao, Health Bureau, Macao Government Tourist Office, Fire Service, and Environmental Protection Bureau – followed up on all the necessary administrative procedures involved in launching and implementing an investment in Macao. The Investment Committee also appoints dedicated public notaries to handle procedures involved in company set-up and business registration, providing comprehensive services to investors.

### **Applications for Temporary Residence Permits**

Under the Investors, Managerial Personnel, and Technical and Professional Qualification Holders Residency Scheme (By-law No. 3/2005), IPIM issues temporary residence permits for the following applicants: investors who plan to make significant investments that facilitate Macao's development and whose plans are being considered by the relevant authorities; investors who have made significant investments that facilitate Macao's development; and management or technical personnel who have already been hired by Macao employers and whose diplomas, professional qualifications and experience are regarded as conducive to Macao's development.

The By-law No. 7/2007 promulgated by the Government in April 2007 suspended the effect of clauses of the By-law No. 3/2005 concerning applications for property investment residency. The move was part of the Government's initiative to review the long-standing investment residency policy.

### **Macao Investment and Development Limited**

To implement the projects under the Framework Agreement on Cooperation Between Guangdong and Macao, the MSAR Government approved the establishment of Macao Investment and Development Limited on 29 June 2011, pursuant to Chief Executive Notice No. 17/2011 in the *Macao SAR Gazette* and By-law No. 14/2011.

Macao Investment and Development Limited endeavours to contribute to Macao's sustainable economic development and continuous progress in external economic cooperation and trade, through a series of efforts including participating in regional economic and trade cooperation, and launching investment projects.

Among these efforts, on 18 November 2011, Macao Investment and Development Limited jointly set up with Zhuhai Da Hengqin Investment Company Limited the Guangdong-Macao Traditional Chinese Medical Science and Technology Industrial Park Development Company Limited, to follow up on the of the Traditional Chinese Medicine Science and Technology Industrial Park, which is a cooperative project between Guangdong and Macao. The cooperative company acts as the developer and operator of the park, to carry out its projects.

In addition, under the Framework Agreement on Cooperation between Guangdong and Macao, Macao and Zhongshan signed the Framework Agreement on the Joint Construction of Cuiheng New District, to expedite the adequate economic diversification of Macao and transformation

and upgrading of Zhongshan's economy. The Macau Investment and Development Limited and Transferencia Electronica de Dados-MACAU EDI VAN S.A. (TEDMEV) established the Parafuturo de Macau Investment and Development Limited on 24 November 2015, with equity shares of 99 percent and one percent, respectively, to lay the foundation for future work in collaboration with Zhongshan.

## Macau Productivity and Technology Transfer Centre

The Macau Productivity and Technology Transfer Centre (CPTTM) was established in 1996. It is a non-profit organisation jointly established by the Government and the private sector. The mission of CPTTM is to help enterprises effectively use new approaches, ideas, information and technology to enhance the value of their products or services. Its objectives are to increase productivity and competitiveness, encourage and support the establishment and development of new businesses, and encourage employees to pursue self-development and enhance their vocational skills.

## Continuous Professional Training

Ongoing professional training provided by the centre covers the four areas of fashion and innovation, information technology, business language and business administration, which are covered through a series of training programmes that are well-structured and can meet the requirements of professional/public examinations. The courses comprise: Industrial Development Series, Administration and Management Training Series, Business Start-up and Business Administration Training Series, and Business Language Training Series. There are also training programmes for specific groups of people, including a free enrolment scheme for the unemployed, vocational education programmes organised in collaboration with secondary schools and tertiary institutions, youth vocational and creativity training programmes organised in collaboration with schools and youth organisations, and entrepreneurship training programmes under the Innovation Development Scheme for Young Entrepreneurs.

In 2017, the centre held a total of 912 courses comprising a total of 19,796.25 learning hours. The number of students totalled 18,993.

## Professional and Open Examinations

The Professional Examination Resources Unit under the centre manages various professional qualification public examinations and provides the public with reference information about these and other local professional examinations. The unit also serves as the Macao Centre for National Vocational Qualification Assessment. In 2017, a total of 5,715 candidates applied for examinations via the Resources Unit.

At present, there are five types of public examinations available at the Professional Examination Resources Unit: information technology, commerce and management, languages, vocational skills and admission examination.

In 2017, the Unit was recognised by the Association of Chartered Certified Accountants (ACCA) as the computer-based exam centre in Macao.

The centre reached a cooperation agreement on “One Examination, Two Accreditations” with the Labour Affairs Bureau in October 2011. All Macao residents awarded a National Vocational Qualification via the centre will receive the relevant local vocational skill certificates issued by the bureau.

The 2017 Microsoft Office Specialist World Championship and Adobe Certified Associate (ACA) World Championship were held from July to August, in the United States. Two Macao contestants, who had received extensive pre-match training provided by the CPTTM, won second prize in the categories of Microsoft Office Word 2013 and 2016.

## **Technical Training and Support Services**

The House of Apparel Technology provides technical training, technological support, fashion and innovation seminars, and organises study tours on sewing equipment to help the garment industry move towards high added value, in-house brands and innovation. There are also fashion information stations and an online fashion information platform, WGSN (Worth Global Style Network), to help Macao factory owners, fashion designers and cultural and creative industry professionals obtain richer and deeper information about fashion, colour, design and retail trends and analysis.

In 2017, CPTTM continued to hold the Ma Conseq fashion training programme and organise various skills competitions. The centre organised participation by Macao fashion brands and designers in various fashion events, including the China International Fashion Fair (CHIC) 2017 Spring Fashion Trade Show in Shanghai, Dynamic Macao Business and Trade Fairs, which were held three times a year, and Hong Kong CENTRESTAGE. The CPTTM also set up the Macao Fashion Gallery and organised the Macao Fashion Parade. It also led groups of young Macao fashion designers to join the Culture • Reconciliation – 2017 International Youth Design Competition. CPTTM also continued cooperating with IPIM to organise the Macao Fashion Festival 2017 during the 22nd Macao International Trade and Investment Fair, with participation by 32 designers and brands from various regions.

On invitation by the Labour Affairs Bureau, the CPTTM participated in the 44th WorldSkills Competition held in Abu Dhabi, the United Arab Emirates in 2017, and was responsible for training and screening of candidates for various contests (including Fashion Technology, Beauty Therapy, Merchandise Exhibition, Web Design, IT Network Systems Administration). Contestants from Macao won the gold prize in Web Design and a prize for outstanding performance in Fashion Technology.

CPTTM continued to work with the Cultural Affairs Bureau to jointly operate the Macao Fashion Gallery at St. Lazarus Parish. The fashion gallery regularly holds various themed fashion shows and activities, and collects cultural and creative products with distinctive Macao characteristics for sale. In 2017, Macao Fashion Gallery held five fashion shows with different themes, three pop-up shops, three outdoor fashion shows and two creative workshops. It also organised 46 promotion activities for local fashion brands, to enable local residents and tourists to better understand Macao’s original fashion brands.

## **Management Information and Consulting Services**

As a correspondent member of the International Organization for Standardization (ISO),

CPPTM is committed to helping local organisations to raise their management and product quality levels to international standards.

In 2017, a total of 65 cases were resolved via management system consulting services. There were 45 applications under the assistance scheme for the International Management System Certification/Laboratory Accreditation. From the commencement of the scheme in October 1996 to the end of 2017, a total of 345 applications were awarded certification. There were 10 test categories under the External Testing Relay Service. A total of 2,121 applications were filed during 2017.

CPPTM continued to help local organisations to implement the ISO 14001 environmental management system, as well as realising green purchasing, understanding energy management, referring to the sustainable development report framework promulgated by the Global Reporting Initiative (GRI) and enhancing understanding of corporate social responsibility. CPPTM continued to hold the 10th Envirokids Program – Children’s Environmental Protection Action. The CPTTM also issued the Good Management Series on food safety management, retail shop management and convention management, to support development of the industry.

### **Information Technology Application and Training**

The Cyber-Lab provides Macao students and working adults with the most comprehensive and professional information technology training programmes. In 2017, the Cyber-Lab continued to implement the gifted student training programme, providing information-technology-specific courses targeted at gifted secondary school students. There were 16 participants in the programme.

CPPTM is committed to assisting SMEs to adopt information technology, providing information system application support services, and promoting the application of freeware and providing related support services. In 2017, it provided technical support for various enterprises on 225 occasions. In addition, the mobile app launched by the CPPTM, ChoicePro, further facilitates procurement matching between SMEs and large enterprises. The CPTTM also helped the Economic Services Bureau to develop the Macao Happy Play and SME360 system to facilitate easier access to information by the public, tourists and SMEs through the use of information technology.

### **External Interaction and Cooperation and Services for SMEs**

In 2017, CPTTM continued to join hands with the Science and Technology Development Fund to co-organise exhibitor groups to participate in the China High-Tech Fair, in which 10 Macao enterprises and organisations participated. CPTTM continued to organise exhibitor groups jointly with the Macao Trade and Investment Promotion Institute and the Science and Technology Development Fund to join the China Cross-Strait Technology and Projects Fair. A total of 10 Macao enterprises participated in the fair, which mainly introduced and promoted environmental protection technologies and products of information technology development.

One of the long-term functions of CPTTM is to provide SMEs with various support services. In 2017, it handled 140 support cases.

### **World Trade Center Macau**

The goals of the World Trade Center Macau are to promote and expand trading opportunities

beyond Macao, to assist individuals and enterprises in searching for international business opportunities, and to pioneer the exploration of new markets for Macao business organisations. Through the World Trade Center Macao, members can stay in close touch with nearly 300 world trade centres around the world, building new market networks and researching potential international trading partners.

The World Trade Center Macao and the Arbitration Centre of the China Chamber of International Commerce (CCOIC) have co-established the CCBC-CCPIT Joint Conciliation Centre, for resolving commercial disputes between mainland China and Macao enterprises.

### **The Business Cooperation Centre of Enterprise Europe Network Central China Macao Office (EENCC Macao Office)**

The Business Cooperation Centre of Enterprise Europe Network Central China – Macao Office (EENCC Macao Office) is formerly known as the Euro-Info Centre Macao, which was set up in 1992 upon the recommendations of the Macao Government and under the auspices of the European Commission.

The Enterprise Europe Network is a European Union initiative aimed at providing business and innovation support to small and medium sized enterprises (SMEs) in Europe. As one of the network's partner organisations in China, EENCC Macao Office offers support to SMEs in Macao, mainland China and other Asian countries and regions.

The main missions of EENCC Macao Office are:

- Raising awareness and giving advice on EU legislation, standards and policies;
- Accessing EU programs, projects and funding;
- To find and connect with potential business partners across Europe;
- Facilitating business co-operation among SMEs;
- To act as interface between SMEs and European institutions; and
- Macao Industrial Parks Development Company.

### **Macao Industrial Parks Development Company**

To attract investment, the Government made the decision in 1993 to set up an industrial park in the Concordia Reclaimed Zone in Coloane to foster industrial diversification. A total of 337,000 square metres of land was reclaimed, of which 160,000 square metres is occupied by the Concordia Industrial Park. In October 1993, Concordia Industrial Park Company (SPIC) was officially set up to take over the management of the industrial park.

On 5 December 2003, the Central People's Government approved the establishment of Zhuhai-Macao Cross-border Industrial Zone, in which Zhuhai would take up 290,000 square metres of land, and Macao would take up 110,000 square metres of land from reclamation in Ilha Verde.

In June 2004, the Government restructured Concordia Industrial Park Company (SPIC) to form Macao Industrial Parks Development Company, to develop and manage the Concordia Industrial Park, Zhuhai-Macao Cross-border Industrial Zone and other industrial parks. The

MSAR and the Trade and Investment Promotion Institute own 60 percent and 40 percent shares of the company, respectively.

## Labour Affairs Bureau

The Labour Affairs Bureau is responsible for implementing policies concerning labour, employment, occupational safety and health, and vocational training.

## Employment Services

The Employment Department of the Labour Affairs Bureau assists job seekers looking for work in the private sector.

In 2017, the Employment Department offered target-defined employment services. To facilitate employment of grassroots workers, the Department referred qualified job seekers to recruitment fairs for major construction projects and sent representatives to the recruitment activities of large enterprises to learn about recruitment needs. In 2017, job seekers attended 78 recruitment activities and 1,817 success cases were recorded.

To support youth employment, the department continued to organise various activities, including seminars on career planning, employment information or interview skills, as well as mock interviews. The department also organised the youth career expo to provide a matching platform for young people and enterprises. In 2017, 4,066 people attended the expo. A total of 61 enterprises offered nearly 4,700 job vacancies in about 30 job types.

The Employment Department also provided tailored employment counselling and referral services to the long-time unemployed and new immigrants, serving a total of 31 people. The department also provided one-stop comprehensive services to those who came for help after being dismissed by their former employers. In 2017, the department provided one-stop services to 82 people, of whom 14 have already found a job.

In 2017, the Employment Department recorded 12,398 job-seeking applications, of which 77 were from disabled persons, which were followed up by a dedicated task force under the department. A total of 42,885 referrals and matches were made according to the requirements of employers and the qualifications of job seekers, resulting in 13,535 people attending employment interviews, and 2,611 successful matchings (36 of which involved disabled persons). Successful matchings involved 85 different occupations.

## Vocational Training

The Vocational Training Department under the Labour Affairs Bureau provides vocational training to citizens, meeting market needs. In addition, it strives to promote cooperation with other departments in terms of vocational training, and to align the development approaches of training programmes. It has also begun to establish a vocational skill certification system for different industries, to further improve professionals' skills and enhance recognition of their qualifications, supporting the upward or horizontal mobility of the labour force.

In 2017, the Vocational Training Department responded to changes and needs in the economy and the labour market by organising vocational courses that aimed at upgrading skills, certification-linked training, employment-linked training and on-the-job paid training. The courses it provided in 2016 were attended by 6,032 persons.

### Statistics on Vocational Training Department Students 2017

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Occupational training	Apprentice training (2-year full-time)	F. 3 graduate or above aged 14-24; to foster the skills and knowledge required by various professions among young people	6	93	2	20	85%
Continuous training	Industry-specific development training	The currently employed; to raise the professionalism of industry professionals Lower ranking staff and newly recruited repair workers; the currently employed who wish to change their jobs; to provide multiple-skill training in facility maintenance	144	3,480	141	3,080	--
	Facility maintenance skills training (on-the-job paid training)	Lower ranking staff and newly recruited repair workers; the currently employed who wish to change their jobs; to provide multiple-skill training in facility maintenance	21	365	21	350	--

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### Statistics on Vocational Training Department Students 2017

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Continuous training	Fishing moratorium training programme	A 96-hour course, mainly to alleviate the financial pressure faced by fishermen during the moratorium, and to provide assistance in developing other occupational skills	28	595	28	559	--
	Vocational Training Programme for the Elderly	Designed for those aged 55 or above, to help elderly persons who are willing and able to work continue to stay in the workforce or to facilitate their re-employment.	3	64	3	61	
	Employment Enhancement Training Programme	To provide specific training to job seekers registered with the Labour Affairs Bureau, with a view to raising their skill level within a short period of time, thereby increasing their chance of being recruited through job interviews	6	26	6	20	

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### Statistics on Vocational Training Department Students 2017

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Continuous training	Skills Competition Enhancement Training Programme	To provide skill enhancement training for shortlisted skills competition contestants, and to identify strong performers to represent Macao at skills competitions	15	104	15	76	
	Vocational skills pre-examination study course	For those who have signed up for vocational skills assessment; to provide focused revisions and information about examination rules	74	1,305	74	1,305	--
<b>Total</b>			<b>297</b>	<b>6,032</b>	<b>290</b>	<b>5,471</b>	<b>-</b>

### Skills Evaluation

In 2017, the Labour Affairs Bureau issued a total of 3,290 vocational skill certificates of various kinds. Breaking the figure down by sectors, the certificates mainly involved the real estate industry, the engineering and maintenance industry and hotels and catering industry, accounting for 42.8 percent, 39.1 percent and 10 percent, respectively.

The Labour Affairs Bureau continued to actively work with Guangdong province on occupational skills testing, to explore skills testing or training programmes for “One Examination, Two Accreditations” or “One Examination, Multiple Accreditations” for more types of jobs and at various levels, thereby fully realising the advantages of regional cooperation. It continued to organise training and certification courses. In addition, the bureau continued to commission the Macau Productivity and Technology Transfer Centre (CPTTM) to hold “One Examination, Two Accreditations” programmes at various levels.

### Vocational skill competitions

The Labour Affairs Bureau fosters vocational skills development and interest skills training

among young people by participating in or organising vocational skills competitions. Also, it further enhances exchanges and cooperation with vocational training organisations worldwide, thereby learning from advanced training experiences and skills, increasing public awareness of the importance of vocational training, and promoting the development of vocational skills training in Macao.

In October 2017, the Labour Affairs Bureau led a delegation to Abu Dhabi to participate in the 44th WorldSkills Competition held in Abu Dhabi, and took part in 15 contests, winning the first gold medal for Macao in Web Design since it first participated in this competition. Contestants from Macao also won six medals for outstanding performances in Electrical Installation, Fashion Technology, Catering Services, IT Network Systems Administration, Floristry and IT Software Solutions for Business.

## Labour Regulations

In the area of labour rights, duties and protection, the Labour Relations Law (Law No. 7/2008), the Law on Employment of Non-Resident Workers (Law No. 21/2009), the Compensation Mechanism for Labour Accidents and Occupational Diseases (Decree-Law No. 40/95/M), and the Law on Minimum Wage for Cleaning and Security Workers of the Property Management Industry (Law No. 7/2015) set out the minimum statutory requirements and protection for employees at work, balancing the legal interests of both employers and employees. On 13 November 2017, the Government commenced a 45-day public consultation on full implementation of mandatory minimum wage, with a view to expanding its scope to cover various trades and industries.

The Workers' Credit Rights Protection Scheme (Law No. 10/2015) establishes a protection scheme on credit rights arising from labour relations, to ensure that payments are made in relation to credit rights not fulfilled by debtors. The bureau has consistently implemented the Framework Law on Employment Policy and Workers' Rights (Law No. 4/98/M), ensuring that when employing non-resident workers, the employer must assure employment priority for local employees, and ensure equal rights, working conditions and benefits for local and non-resident workers.

## Labour Relations

The Labour Inspection Department under the Labour Affairs Bureau provides free consultancy services on labour regulations to local citizens, accepts and mediates in labour-relations, and monitors enterprises' compliance with labour regulations. The department is also responsible for handling applications for business licences by employment agencies. To effectively monitor the employment conditions of foreign workers and curb illegal employment, the Labour Inspection Department, the Public Security Police, and the Macao Customs Service jointly or independently carried out regular or non-regular inspections, according to their authority.

In 2017, the Labour Inspection Department provided 5,414 consultations about labour regulations to enquirers visiting the office. Of the individuals who sought assistance, 84 percent were employees and 16 percent were employers. Most enquiries were from cultural, entertainment, gaming and other service industries, as well as from the construction industry. Consultation topics were mainly related to dismissal compensation, contract termination and wages, which accounted for 15.9 percent, 11.7 percent and 11.1 percent of all enquires, respectively. There were 24,307 enquiries via telephone.

A total of 1,805 complaints received from 3,010 employee enquiries were handled, 43.8 percent less than in 2016. Most involved wages (20.1 percent), dismissal compensation (11.5 percent) and overtime compensation (11.1 percent). Categorised by industry, most complainants were from construction (44.5 percent), followed by hotels and catering industry (14.7 percent), and real estate and business and service industries (10.7 percent).

In 2017, there were 3,540 complaints related to employment disputes, illegal employment and other cases settled, involving 4,960 employees and 2,465 workplaces. Of the 2,017 processed cases relating to creditors' rights issues involved in the employment disputes, 224 required transferral to trial by the judiciary, accounting for 11.1 percent of total creditors' rights issues – mainly concerning wages, dismissal compensation and mandatory leave, with the rest being resolved by the department itself. Creditors' rights arising from employment disputes totalled 74.5 million patacas, involving 4,148 employees.

In 2017, the Labour Inspection Department received notifications of 83 cases of agreement on lowering basic remuneration, involving 275 local employees, and 135 non-resident employees. None of the notifications received required filing and follow-up due to alleged breach of reduction of employees' basic compensation.

In the department's efforts to combat illegal employment, 784 cases of illegal employment were filed, in accordance with the Regulation on the Prohibition of Illegal Employment (By-law No. 17/2004) and the Law on Employment of Non-resident Workers (Law No. 21/2009) and its relevant supplementary laws. After investigation, in 2017, 1,130 offenders were penalised for breaches of the law, with fines imposed totalling 13.16 million patacas. In these cases, 255 non-local residents were found to be working for others in the MSAR without permits. Also, 305 non-local residents were found to be engaged in activities for their own benefit. Individuals in the two groups were fined a total of 7.37 million patacas.

In 2017, 226 applications for business licences by employment agencies were processed. A total of 60 cases involving alleged breach of law by employment agencies were filed. These cases involved 224 activities, which mainly included operating without a licence, registration and arrangement for employment of non-residents, collection of charges, and salary payment by an intermediary, accounting for 91.5 percent of the total. Upon investigation, 176 of the activities were confirmed to be illegal. Business licences of two employment agencies were revoked due to a breach of law, and professional misconduct by their managers, members of administrative and management division or heads.

In 2017, 22 enquiries made via telephone and five enquiries made in person were received. Five cases involving six employees were filed in this regard, which were mainly complaints on wages and overtime compensation. Among the three investigated cases, no breach of law was found. The remaining two cases were confirmed to involve non-compliance with the minimum wage requirement, and the employers involved have already settled the shortfall in wage payment to the three employees.

According to the legal regulation of the Workers' Credit Rights Protection Scheme, the administrative and technical support for the Protection Fund for Creditors should be provided by the Labour Affairs Bureau. In 2017, 158 employees applied for protection of workers' credit rights. Advice on all of these applications was provided within 60 days as required by the law.

Regarding labour inspection, the Labour Inspection Department proactively takes preventive inspection measures and promotes the laws; improves the exit mechanism for non-local employees; and establishes a joint exit mechanism for non-local employees, as well as a cross-departmental task force with the Public Security Police. In 2017, 52 inspections were conducted on major construction sites, collecting 1,376 copies of particulars of employees, to monitor employers' compliance with labour laws and protect the legal labour rights of employees. Seven briefing sessions on exit mechanisms were held for contractors of and employees working in construction sites, to explain to them matters that require attention by employers and labour rights of employees upon termination of employment. Compared with 2016, the number of people complaining about labour rights of employees in the construction sector decreased by 48.7 percent in 2017, showing that the measures were effective in reducing the number of cases of labour disputes.

"Services on the Doorstep" are provided by giving legal enquiry services in property management enterprises, construction sites, employment agencies, etc. Guidance is provided to employers on compliance with labour and relevant laws to familiarise them with the rights, responsibilities and protection. The department also organised various types of presentations on labour laws for our partners and social groups, to promote the laws through a face-to-face and question-and-answer approach. In all, 33 presentations were conducted in 2017, with more than 2,058 participants.

The Labour Inspection Department continues to promote laws and provide convenient services to the public through various electronic media. There is an online reservation service for enquiries and complaints regarding labour rights. Simulated calculation of labour benefits is provided through a mobile app, to provide simulated calculation of labour benefits for general employees, as well as minimum-wage-eligible cleaning and security workers of the property management industry. Such rights include extra remuneration for working during mandatory and weekly leave, overtime compensation, annual leave compensation, and compensation for termination of contract without a specified contract period. Besides, the department has been enhancing the promotion of laws through various channels and media, including WeChat, Facebook, television and radio advertisements.

## Occupational Safety and Health

In 2017, the Occupational Safety and Health Department under the Labour Affairs Bureau conducted the following regular inspections, industrial accident investigations, occupational health medical check-ups and related measures:

Work item	Target	Number of inspections	Number of suggested improvements	Other actions
Routine safety and health inspection	Construction sites (1,500 sites)	3,564	1,447	Filed disciplinary actions against 211 construction sites involved in minor contraventions with penalties of 1,148,500 patacas imposed. It was ordered that work be suspended in 77 cases due to high risk. Filed disciplinary actions against 29 employers and individuals for contraventions of relevant regulations of occupational safety card of the construction industry, with penalties of 32,500 patacas imposed.
	30 food and beverage premises	30	14	--
	17 gaming premises	17	0	
	2 industrial premises	2	0	--
Safety inspection jointly conducted with other departments	178 enterprises	260	191	--
Industrial accident investigation	9,336 filed cases	-	-	Completed 7,972 cases.
	20 construction sites	20	-	Filed disciplinary actions against 23 construction sites involved in minor contraventions, with penalties of 160,000 patacas imposed. It was ordered that work be suspended in 10 cases.
	3 commercial premises	3	-	Filed disciplinary actions against three construction sites involved in minor contraventions with penalties of 5,000 patacas imposed. In 10 cases, it was ordered that work be suspended.

Cont.

Work item	Target	Number of inspections	Number of suggested improvements	Other actions
Occupational health medical check-up	Assisting 19 Macao SMEs (including construction sites, hotels, etc.) in providing occupational health medical check-up, and providing such check-up in occupational safety and health promotion activities, courses and seminars, involving 120 employed and under-aged workers	642	286	-
Sampling assessment of employers of organisations using high noise-level equipment, according to Decree-Law No. 34/93/M	4 organisations using high noise-level equipment involving 494 employees	0	0	No case of occupational deafness was found.

Occupational safety and health training in 2017:

Course/activity	Number of classes	Number of participants	Number and types of certificates awarded
Occupational safety and health seminar	285	13,778	-
Occupational safety and health training module	143	3,269	3,227 (certificates of competency)

Cont.

Course/activity	Number of classes	Number of participants	Number and types of certificates awarded
Construction industry occupational safety cards training courses and public examinations	642	19,909	19,603 (occupational safety cards)
Construction industry occupational safety cards refresher courses and public examinations	411	6,711	6,458 (occupational safety card renewals)
Assistant construction safety supervisor certificate courses (organised jointly with Macau Construction Safety Association)	5	176	*Examination yet to be held
Construction safety supervisor certificate courses (organised jointly with the University of Macau)	6	198	110 (* Examination yet to be held for class 4 to 6) (Construction safety supervisor qualification)
Safety auditor certificate courses (organised jointly with the University of Macau)	2	37	*Examination yet to be held
Occupational Safety and Health Officer certificate courses(organised jointly with the University of Macau)	2	61	*Examination yet to be held

Occupational safety and health promotional activities in 2017:

Activity	Number of participants	Number of participating individuals
Occupational safety and health promotional activities	161 construction sites	9,150
	33 hotels	1,489
	4 schools	109

Cont.

Activity	Number of participants	Number of participating individuals
Safety shoes promotion	45 enterprises	370 (provided with safety shoes)
First-aid kit promotion	65 enterprises	-
Temporary anchor devices promotion	24 enterprises	97 (attended the relevant training)
Safety harness, fall-arresting device and independent rescue line (kit) promotion programme	34 enterprises	189 (attended the relevant training)
Construction industry occupational safety and health management – promotion programme on working on mobile platforms	119 enterprises	536 (attended the relevant training)
Portable residual current device promotion programme	23 enterprises	116 (attended the relevant training)

### Non-resident Workers Employment Department

The Non-resident Workers Employment Department under the Labour Affairs Bureau is mainly responsible for administrative work related to employment of foreign workers. The Government imports non-resident labour on the main premise that the employment and labour rights of local employees are not harmed, whilst ensuring the continuous and stable development of Macao's economy.

During 2017, the Non-resident Workers Employment Department handled 30,864 applications for work permits for professionals, non-professionals, domestic helpers, importation of non-resident workers and renewal of permits, transfer of professional non-resident employees, and activities for personal interest. Of these applications, 16,514 were for non-professional employees, 2,612 were for professional employees and 11,722 were for domestic helpers. Also, there were 16 applications for work permits to engage in activities for the applicants' personal interest, with follow-up action on statements of objection and petitions.

At the end of 2017, there were 179,456 employees with non-resident ID cards in Macao, including 146,640 non-professional employees, 5,834 professional employees, eight persons engaging in activities for the their own benefit, and 26,974 domestic helpers, of whom 353 were from mainland China (Guangdong Province and Fujian Province).

An SMS notification service on expiry of permits for employment of foreign labour was

launched in the second quarter of the year. Upon online registration, employers will receive an SMS three months before the expiry of their permit for employment of non-resident workers, reminding them to submit applications for renewal when necessary.

## Consumer Council

The Consumer Council was established and commenced operation in 1990, and is responsible for providing comments on consumer protection policies to be implemented by the Government, and driving various efforts to protect consumers' rights.

## Establishment of Cooperative Networks

In 1997, the council became a full member of Consumers International. It subsequently signed cooperation agreements with consumer rights departments or organisations of Portugal, Spain and Singapore, and consumer rights protection cooperation agreements with a total of 40 consumer rights protection authorities of various mainland China provinces and cities, Hong Kong and Taiwan, to exchange relevant information and undertake various cooperation programmes.

In 2014, the Consumer Council joined the International Consumer Organization for Portuguese-speaking Countries as an observer member.

## Consumer Arbitration Centre

The Consumer Arbitration Centre was established in 1998 with an aim of resolving minor disputes that occur within the territory, and which do not involve more than 50,000 patacas, through mediation, conciliation and arbitration.

It is the duty of the Consumer Arbitration Centre to provide suitable legal assistance to a concerned party by one person-in-charge and a skilled officer. An arbitral decision shall be made by one judicial officer who acts as an arbitration judge on a part-time basis.

Businesses that value their reputations and wish to resolve potential customer disputes are invited to apply for membership.

By 2017, 1,507 active companies had joined the Consumer Arbitration Centre. They included Chinese and western pharmaceutical businesses, department stores, supermarkets, catering companies, jewellery and timepiece shops, insurance agencies, laundry and dyeing companies, beauty and fitness centres, mobile telephone companies, computer products companies, travel agencies and real estate agencies.

## Consumer Rights

According to Law No. 12/88/M, anyone receiving goods or services for private use from individuals or organisations of occupational nature engaging in economic activities is deemed as a consumer.

Consumers have the right to receive health protection and be safeguarded against dishonest and irregular practices relating to the promotion or provision of goods or services; to receive

guidance and be informed; to be safeguarded against risks that could damage their interests; to be protected against any loss and to receive compensation; and to be treated fairly and be able to participate in the legal and administrative defence of their rights and interests.

To promote consumer rights and the relevant law, the Consumer Council published the first *Consumer Report* in July 1993. In December 2017, the 292nd issue was published, with a monthly circulation of 4,500 copies.

## Complaints

In 2017, the Consumer Council received 1,647 complaints and 3,397 enquiries. The number of cases handled totalled 5,067, including 23 suggestions. The complaints mainly concerned disputes arising from consumer activities involving real telecommunications services, public transport, and jewellery and communications equipment retailing.

In line with the Government's strategy to develop gaming and tourism and the facilitated individual travel (FIT) scheme for mainland residents, the Consumer Council is strengthening its services for tourists, and is dedicated to promoting the development of a sound consumer rights protection mechanism in Macao. Of the 5,000 complaints and enquiries received, about 20 percent were made by tourists.

## Research and studies

The Consumer Council works to realise consumer rights, based on information gathered through research, which includes quality spot checks on commercial goods. The research includes collecting and analysing the prices of various goods and services in the market.

To keep pace with the development of the information era, the Consumer Council has launched several mobile phone apps. In 2016, a mobile app known as the Macao Price Information Platform was developed to incorporate existing mobile apps including Macao Supermarket Price Information Platform, Macao Fuel Price Information Platform and Certified Shop. It provides information on everyday prices in the markets, and so provide a one-stop information service platform for consumers to check prices and information about certified shops.

## Yearly Quality Mark of “Certified Shops”

On 15 March 2001, the Consumer Council introduced the “Certified Shop” quality mark to the general public, which was well recognised by various authorities in Macao and mainland China. Since 2007, the quality mark has been jointly issued by the Consumer Council and the Chamber of Tourism of the All-China Federation of Industry and Commerce (ACFIC), as a way to enhance the protection of consumer rights in Macao and promote “good faith tourism”.

To qualify for membership of the Consumer Arbitration Centre and receive a “Certified Shop” emblem, a shop must not have had any complaints filed against it within the previous year. As at the end of 2017, the Consumer Council had issued the “Certified Shop 2018” emblem to a total of 995 establishments.

The council has enhanced the regulation of Certified Shops by requesting these shops to abide by the following additional rules:

- To offer consumers after-sales service, and provide accurate information about the products and services they sell;
- To list the specific prices of products and services on their invoices; and
- To settle disputes with consumers within 14 days of receiving complaints, either through refunds, replacement of goods or submission to the Arbitration Centre.

The Consumer Council has also formulated a code of practice for each industry sector in keeping with social developments. At present, 18 industry sectors under the Certified Shops mechanism-covering cleaning and dyeing services, real estate agents, supermarkets, pharmacies, beauty services, souvenirs, photography equipment retail and photo printing services, gold and jewellery, leather garments and shoes, mobile phone retailing, computer products, birds' nest products, electrical appliances, eyewear, furniture retailing, watch and clock retailing, food and beverage services, tourism services (overseas tours) – have implemented these codes of practice. The Consumer Council has also established a mechanism to assess whether the Certified Shops implement their general pledges and codes of practice.

## Statistics and Census Service

The Statistics and Census Service (DSEC) is one of the authorities under Macao's statistical services system, and is responsible for compiling population, social, economic and environmental statistics.

### Official Statistics

Under Decree-Law No. 62/96/M promulgated on 14 October 1996, all statistical information compiled by government statistical agencies is regarded as official. Another statistical agency is the Monetary Authority of Macao, which is responsible for information regarding finance, currency, foreign exchange and insurance business.

The Statistics and Census Service compiles a series of official statistics through research and by using administration information, providing the Government and investors with important references for the formulation of policies and business decision-making, respectively, and providing important references for academic studies.

Particularly noteworthy among the DSEC's regular investigations are the Population and Housing Census conducted every 10 years, and the By-Census and Household Expenditure Survey conducted every five years. Industries covered include construction, industrial manufacturing, hotel, food and beverage, service sector, transport, warehousing and communications, and wholesale and retail trade.

The DSEC collects and compiles monthly or quarterly data relating to Macao's economic activity, including external trade in commodities, tourism, convention and exhibition, retail, prices, employment, real estate transactions and construction.

The Gross Domestic Product value, the Gross Domestic Income and Direct Investment

Statistics reflecting the macro economic conditions of Macao, are compiled by integrating and analysing Macao's comprehensive economic, social and public financial statistics.

## **Dissemination of Information**

The DSEC publishes essential statistical data that is of public interest via press releases, as well as webpages and publications for detailed information. All official statistical data is provided free of charge. Users may download the data from the website, or obtain the data or make enquiries about it from the Documentation and Information Centre by phone, email, fax, online customer service platform or in person.

## **Visitor Statistics Databank Launched**

To allow all parties in the community to better understand and analyse the detailed statistics on visitors to Macao, the DSEC launched the Visitor Statistics Databank in September 2017, providing statistics on visitors to Macao from January 2017 for reference by the public.

The Visitor Statistics Databank not only contains visitor data with a breakdown by year, month, place of issue of travel documents and ports of arrival, which the DSEC publishes for the public on a regular basis, but also visitor data with a breakdown by duration of stay in days, gender and age group. The databank also provides statistics with breakdown by specific region, such as information about visitors from countries along the Belt and Road and Portuguese-speaking countries.

In addition, the DSEC has published for the first time data on returning visitors on the databank, providing statistics on tourists who visited Macao during a reference period and re-visited Macao in the past half year to three years.

## **Commencing the 2017/2018 Household Expenditure Survey**

To understand and obtain the latest statistics on income and expenditure of Macao's households, for revising the commodity and service items included in the Consumer Price Index, the Government conducts the Household Expenditure Survey every five years to collect relevant data.

The survey will also provide an important reference for understanding the consumption pattern and distribution of income of people from all walks of life. The DSEC formally commenced the 2017/2018 Household Expenditure Survey on 1 October 2017, with a data-collection period of one year. The survey was conducted by randomly selecting 7,410 housing units, the occupants of which were to take part in the survey on a mandatory basis.

To ensure that the data collected can fully reflect the consumption pattern of households in different seasons or festive occasions, the survey would be conducted on a bi-weekly (14 days) basis, with 285 households visited every two weeks.

## **Developing Dedicated Website on Guangdong-Hong Kong-Macao Greater Bay Area**

To support the MSAR Government to participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, in 2017 the DSEC began developing a dedicated website on the Greater Bay Area. The website will provide statistics about each city in the Greater Bay Area, and information on cultural and trade and economic exchanges between Macao and other cities, including data on population movement, visitors and investment. The dedicated website is scheduled for launch in 2018.

The DSEC will closely liaise with statistics departments of the relevant provinces and cities, to facilitate collection of statistical data.

## **Supporting Office to the Permanent Secretariat to the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries**

The Supporting Office to the Permanent Secretariat to the Forum for Economic and Trade Cooperation Between China and Portuguese-speaking Countries was established in Macao in accordance with Executive Order No. 33/2004. It focuses on providing administrative and resources support to the secretariat, enhancing economic and trade exchange and cooperation between mainland China, Macao and Portuguese-speaking countries, and give full play to Macao's advantages and its role as an economic and trade services platform between China and Portuguese-speaking countries.

Since its establishment, the supporting office has diligently coordinated with and assisted the Permanent Secretariat in various aspects of implementing the Framework of Economic and Trade Cooperation, particularly in promoting governmental and civil cooperation between China (including Macao) and Portuguese-speaking countries in trade, investment, production capacity, agriculture, infrastructure, energy, natural resources, education and human resources, tourism, transportation and telecommunication, financial system, culture, healthcare, marine, cooperation between provinces and cities, and Macao's function as a cooperation platform.

In 2017, following the financial directive of the Government, and based on the Five-year Development Plan, the supporting office provided assistance in the development of the Belt and Road, the country's 13th Five-Year Plan and key projects of the Guangdong-Hong Kong-Macao Greater Bay Area, and actively supported the permanent secretariat for the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries in the implementation of various tasks set out in its annual plan.

The office carried out its work through a series of activities centred around promotion of trade and investment, production capacity cooperation, human resource cooperation and cultural exchange, including participating in the 2017 MIECF, the 22nd MIF, the First PLPEX, the Fifth Macao International Travel (Industry) Expo, the 121st and 122nd Canton Fairs, and the Dynamic Macao Business and Trade Fair in Shenzhen (Guangdong), Quanzhou (Fujian) and Haikou (Hainan); setting up exhibition areas for Portuguese-speaking countries; organising the Seminar on Capacity Production and Finance Cooperation between China and Portuguese-speaking Countries, Young Entrepreneurs Forum of China and Portuguese-speaking Countries, Roundtable Meeting between Leaders of Provinces and Municipalities of China and those of Portuguese-speaking Countries, and Seminar on RMB Cross-border Transactions for Portuguese-speaking Countries; participation in the 12th Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries held in Cape Verde; visiting Brazil, Mozambique and Portugal

and initiating commercial and trade activities; holding five rounds of workshop and providing training to more than 120 individuals from Portuguese-speaking countries; and organising the 9th Cultural Fair of China-Portuguese-speaking Countries. The function of Macao as a bridge and a hub is maintained through organising a wide array of exchange activities for China and Portuguese-speaking countries in Macao, mainland China and Portuguese-speaking countries, thereby further consolidating the function of Macao as a platform for commercial and trade cooperation.

## Financial Intelligence Office

The Financial Intelligence Office is an independent department formed under Executive Order No. 227/2006 on 29 July 2006, directly under the Secretariat for Economy and Finance. It is responsible for collecting and analysing information regarding money-laundering and terrorist-financing as well as providing such information to authorities.

Starting from November 2006, the Financial Intelligence Office has been receiving reports on suspicious transactions. In 2017, it received more than 3,000 reports from financial services, gaming and retail trade industries. After analysing and processing them, the office reported some of the cases to the Public Prosecutions Office.

Macao is a member of the Asia-Pacific Group on Money Laundering (APG). All APG members are required to undergo a common assessment to make sure that they are in compliance with the requirements suggested by FATF regarding anti-money laundering and combating financing of terrorism. In 2017, it was stated in the latest APG common assessment report that the SAR's performance in combating money laundering and financing of terrorism was satisfactory in terms of both law compliance and enforcement effectiveness. Revision of the relevant legal system against money laundering and terrorism financing has been completed. The office and other regulatory institutions have also revised the guidelines against money laundering and terrorism financing to meet international requirements. APG conducted the new round of common assessment on Macao between 2016 and 2017; the report on this was approved and published in 2017.

Locally, the Financial Intelligence Office is responsible for coordinating the efforts of the interdepartmental task force on money laundering. The task force members included the Monetary Authority and various regulatory, law enforcement and judicial affairs departments. They work together to collect data, conduct research and carry out relevant recommendations regarding anti-money-laundering, formulate guidelines for industries under their supervision, and conduct statistical and other analyses of suspicious transaction information received.

In the area of international cooperation, the Financial Intelligence Office joined the Egmont Group in May 2009, and looked towards promoting connections and collaboration with even more countries and regions. It also signed memorandums on cooperation with the financial intelligence bodies of 21 countries and regions: mainland China, Portugal, Hong Kong, Korea, Indonesia, the Philippines, Malaysia, Japan, Thailand, Singapore, Fiji, Australia, the United States, the Russian Federation, the United Kingdom, Bangladesh, Canada, Israel, Cambodia, Monaco and Lebanon. The Financial Intelligence Office will continue to explore the possibilities of signing cooperation memorandums with other regions.

## Consultative Bodies

### Economic Development Council

The Economic Development Council was established under By-law No. 1/2007. It is the Government's consultative department for formulating economic development strategy, economic policies and manpower policies.

The council comprises the Chief Executive as its chairperson and Secretary for Economy and Finance, together with representatives of organisations with different economic interests, professionals, outstanding and reputable people in relevant fields, and representatives of relevant public organisations and departments.

### Standing Council on Social Concerted Action

The Standing Council on Social Concerted Action is an advisory body to the Chief Executive on the formulation of labour policies. It was established in accordance with the Decree-Law No. 59/97/M. Its objective is to facilitate dialogue and coordination between administrative authorities, employers and employees. This aims to ensure their participation in the formulation of labour policies, and in activities that strengthen social development.

The council consists of the Chief Executive (who presides over its meetings); secretaries with responsibility for the economy, security, and culture; members of the Executive Committee; three representatives from Macao employers' associations (who must be the heads of their associations); and three representatives from Macao labour associations (who must be the heads of their associations).

In accordance with legal requirements, the Secretary for Economy and Finance is authorised to be the council's chairperson.

The council holds two plenary meetings each year. Special meetings may be called by the chairman or at the request of one third of the members.

In 2017, the council held 11 meetings: two plenary meetings and nine executive committee meetings.



MACAO  
FASHION TECHNOLOGY  
COMPETITION:  
PASSION FOR FASHION



The Macao Fashion Technology Competition for Youth, organised by the Macao Productivity and Technology Transfer Centre (CPTTM), aims to increase young people's interest in fashion design and manufacturing, and nurture young talents for the local fashion industry.

Every year, the competition attracts participation by many local young people with a passion for fashion design. The participants have to attend a 64-hour training programme before the competition, to acquire basic knowledge about fashion design, and to master the basic skills of sewing, in order to be well prepared for the competition.



The competition is divided into three parts: modelling, sewing and creative design. Participants have to make use of what they have learnt in the training programme, complemented with creativity, to produce their own creations.

Participants whose performances are outstanding have the opportunity to represent Macao in regional and international competitions, to broaden their horizons.

