

Ensuring stable economic growth and developing Macao as a tourism and leisure centre to diversify the economy

The Government strictly adhered to the Basic Law of the Macao SAR in its pragmatic and progressive endeavours during 2012, in line with the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy. With the generous support of the Central People’s Government and the concerted efforts of the Macao people, the SAR Government has overcome internal and external problems,



pressed ahead with economic diversification, and enhanced people’s well being in the first place. Upholding the principle of “Putting people first”, the Government has achieved stable growth on the social, political, economic and cultural fronts.

Macao’s economy maintains positive growth despite external conditions

Under complex and volatile international political and economic conditions, the Government has been steadfast in implementing sound and stable fiscal and financial policies, which have led to stable economic development. In 2012, Macao’s gross domestic product (GDP) amounted to 348.2 billion patacas, representing an increase in real terms of 9.9 percent year on year, with a GDP per capita of nearly 612,000 patacas. Macao’s economic growth was driven mainly by exports of services and domestic demand; the exports of gaming services increased by 6.9 percent, while total expenditure by visitors rose by 6.4 percent.

In domestic demand, fixed capital investment surged by 19.1 percent, attributed to a substantial increase in public projects. At the same time, private and public expenditure increased by 9.1 percent and 6.9 percent respectively, and commodity exports also saw a significant rise of 23.3 percent, giving impetus to the healthy and stable development of Macao’s economy.

The value of total exports of goods for the year was 8.16 billion patacas, representing a year-on-year rise of 17.1 percent. The growth was mainly due to the 28.2 percent increase in the value of re-exports despite a 4.4 percent decrease in the value of domestic exports. Goods imported achieved a total value of 70.93 billion patacas, an increase of 13.9 percent year on year.

Regarding domestic demand, retail sales for 2012 amounted to 52.85 billion patacas, a year-on-year increase of 22 percent. Retail sales volume (net of price changes) increased by 16 percent year on year.

Total investment increased by 21.8 percent. Investments in private and public construction rose by 8.5 percent and 39.3 percent respectively, with an increase of 22.6 percent in total investment in construction. Investments in private and public facilities rose by 7.8 percent and 39.3 percent respectively, an overall increase of 18.3 percent.

The number of newly established companies increased by 6.1 percent, while the total value of registered capital decreased by 38.0 percent. A total of 3,612 companies were established during 2012, which was 207 more than in the previous year, however the total registered capital decreased by 38.0 percent to 610 million patacas. These newly established companies operate mainly wholesale and retail businesses. Meanwhile, a total of 501 companies were dissolved in 2012, a year-on-year decrease of 2.0 percent. Capital withdrawn amounted to 110 million patacas, a year-on-year decrease of 63.3 percent.

Fiscally, the total revenue of the Government in 2012 increased by 14.9 percent to 129.5 billion patacas, of which income from gaming tax accounted for 113.38 billion patacas, representing a rise of 13.8 percent. Total expenditure increased by 15.8 percent to 56.75 billion patacas, of which recurrent expenditure accounted for 40.45 billion patacas, a rise of five percent. The fiscal surplus for the year totalled 72.75 billion patacas.

During the year, Macao officially implemented the Fiscal Reserve System, allocating reserve assets and injecting capital into the foreign currency reserves. Meanwhile, the Government also started to work on partial amendments to the Budget Framework Law, and improved procedures for the budget for the Plan for Investment and Development Expenses of the Administration (PIDDA).

By the end of 2012, Macao's basic reserves amounted to 98.8 billion patacas, while the excess reserve amounted to 58.262 billion patacas. As some foreign currency assets in the foreign reserves were transferred to the newly established fiscal reserves in 2012, the balance of the foreign reserves by the end of the year dropped sharply by 51.3 percent to 132.5 billion.

Establishing Macao as a tourism and leisure centre, and revitalising resources to promote cultural and creative industries

In 2012, Macao received 28,082,292 visitors, a slight increase of 0.3 percent over 2011. Gross gaming revenue (excluding tips) amounted to 305.235 billion patacas, an increase of 13.4 percent over the previous year. Total expenditure by visitors (excluding gaming expenditure) reached 52.3 billion patacas, representing a year-on-year increase of 15 percent over the figure of 45.3 billion patacas in 2011.



The Government is determined to position Macao as a world tourism and leisure centre, and bolster its functionality as a regional platform for commercial and trade services. While reinforcing and intensifying the development of the tourism and gaming industry, the Government also implemented moderate regulation, enhanced monitoring of the growth of the gaming industry, and actively facilitated the development of integrated tourism and other associated industries. Emphasis was put on the convention and exhibition, cultural and creative, Chinese medicine, and commercial and trade industries, to facilitate appropriate economic diversification.

In 2012, the Government focused on several aspects of the medium and long-term development of the tourism industry, and set up internal working groups to study various proposals. An expert delegation from the Pacific Asia Travel Association was invited to release a study report on Macao. At the First Global Tourism Economy Forum in Macao, opinions on the positioning and establishment of Macao as a world tourism and leisure centre were collected from experts and academic researchers from around the world.

With a brand-new tourism theme, the Macao Government Tourist Office (MGTO) continued to promote Macao with the slogan “Touching Moments, Experience Macau”, and cooperated with MGTO representatives in overseas markets to carry out promotional activities on social networks, blogs and websites. An audio guide service was also launched to encourage tourists to visit Macao’s attractions independently. Through inter-departmental cooperation and collaboration with relevant organisations, new tourism products were developed focusing on culture, study, religions, festivals and ecology.

The development of budget hotels has drawn the attention of society and the public. The MGTO took the initiative to cooperate with tourism-related organisations to launch a dedicated website for budget hotels which also serves as a platform for room reservation. To ensure the quality of our tourism products and protect the rights of tourists, the MGTO conducted inspections on establishments, industries and tourist spots under its supervision. It also continued to work with inter-departmental action groups to crack down on illegal accommodation.

The Government actively promoted regional cooperation in tourism by participating in the formulation of the Guangdong-Hong Kong-Macao Tourism Cooperation Plan, and regularly meeting representatives of other provinces and cities. As the Framework Agreement on Cooperation between Guangdong and Macao continued to be intensified and implemented, Macao strengthened its cooperation with Guangdong by co-organising major publicity programmes such as the Macao Week in Guangdong. Furthermore, the tourism authorities of Guangdong, Hong Kong and Macao also actively promoted multi-destination itineraries, co-organised tourism promotion activities in overseas markets, and participated jointly in local travel exhibitions.

On heritage conservation, cultural and creative industries, and the development of cultural tourism, the Government successfully completed the legislative process of the Cultural Heritage Protection Law, bringing success in the protection and continuation of intangible cultural heritage. Moreover, the Government made great efforts in the development of local cultural and creative industries by establishing the Cultural and Creative Industry Fund, and actively promoting the innovation and continuity of Macao’s culture.

On 18 October, the bill on Cultural Heritage Protection Law passed its first reading in the Legislative Assembly, marking a milestone in the conservation of cultural heritage. The bill was then studied and discussed by the Third Standing Committee of the Legislative Assembly. As the bill involved cultural heritage conservation values and the interests of multiple stakeholders, the committee launched a public exercise to collect views and opinions, which was a rare practice, in a bid to improve the bill.



To promote the development of the local cultural and creative industries, the Government actively explored room for cultural and creative development which included the establishment of the Macao Creative Pavilion, C Shop and Macao Fashion Gallery. Moreover, a Macao wedding customs museum, an art film cinema, and an outdoor café are to be included in the Ho Song I Tong Cultural and Creative Space and the architectural complex at the Lane of Romance (Travessa da Paixão), which are now under construction.

The research programme on the benchmarking system for assessing Macao's cultural and creative industries also achieved initial success in adopting a more scientific approach to the assessment of Macao's cultural and creative industries. The study focused on analysing existing statistics in relation to Macao's cultural and creative industries, as well as data that is yet to go through any statistical analysis, to establish a framework for a dedicated statistical system for Macao and allow comparison with other places, to facilitate monitoring of the development of the local cultural and creative industries.

Regarding conservation and promotion of intangible cultural heritage in 2012, Mazu (A Ma) belief and customs, Na Tcha belief and customs, Macanese Gastronomy, and Macanese Theatre (Theatre in Patuá) were included on the list of Macao Intangible Cultural Heritage. After several years of promotional effort, the conservation work of Macao intangible cultural heritage is gradually recognised, respected and joined by the public.

The Government also launched a number of restoration and reuse projects. Statistics show that more than 60 maintenance and revitalisation projects were launched in 2012, among which the Na Tcha Temple and Tung Sin Tong Historical Archive Exhibition Hall projects are already completed and open to public. Moreover, the Red Market Library has also opened to enhance the cultural environment of the community.

To reinforce local culture, the Macao Arts Festival was held to encourage local creativity. Over half of the arts festival programmes were performed by local art groups. As well as the Macao Literary Selection 2011, a new publication entitled Annual Selection of Macao Performing Art Reviews 2010-2011 was released.

Promoting gradual development of gaming and giving full support to convention and exhibition industries

The Government continued to implement a series of regulations and measures to regulate and control the scale and pace of development of the gaming industry in 2012, with the aim of supporting optimum growth in the sector.

To enhance the supervision of casinos, the recording of gaming data was completely computerised. Supervision of slot machines in casinos was strengthened by replacing on-site monitoring systems with parallel electronic and remote devices. Monitoring and control of the financial status of gaming concessionaires was also tightened and stock-taking of fixed assets was carried out as required. Gaming promoters were closely monitored by establishing a database of their shareholders, directors and major employees under the database of gaming promoters and their partners. The implementation of the cap on junket commissions was examined and the monitoring of sports lotteries and horse-racing tickets was enhanced. Auditing of gaming concessionaires in regard to the fulfilment of the Minimum Internal Control Requirements (MICR) was continued, and responsible gaming was promoted.

To further regulate the healthy development of the gaming industry and prevent problem gambling, the Regulation on the Conditions of Entering, Staying and Gaming in Casinos came into effect on 1 November 2012. According to the regulation, people under the age of 21 are forbidden to enter casinos, whereas anyone or his/her spouse, older family members, younger family members or relatives by blood within the second degree of kinship may apply for prohibition of his/her entry into casinos for up to two years. The Executive Council also concluded its discussion on the draft of the by-law on the Supply System and Requirements on Gaming Machines, Equipment and Systems, which set up strict requirements for the establishment of gaming machine parlours. According to the draft by-law, to improve the living environment of Macao residents, gaming machine parlours are only allowed to be set up in hotels rated five-star or above, buildings approved for non-residential use that are within 500 metres of a licensed hotel casino, or buildings for commercial and leisure purposes that are regarded as a tourist location not in a high density residential area.

Meanwhile, the Convention and Exhibition Incentive Programme was introduced to continue assistance and support for the planning and organisation of conventions and exhibitions in Macao. In addition, studies were conducted by the Convention Industry Development Committee and its sub-groups in order to formulate policies and measures to promote the development of Macao's convention and exhibition industry. In 2012, a total of 1,022 conventions and exhibitions were held in Macao, 23 fewer than the previous year. However, the



number of participants increased by 26 percent to 1,612,961.

In September, the Government signed the Agreement to Strengthen Cooperation of the Convention and Exhibition Industry with the Ministry of Commerce to enhance cooperation with the mainland's convention and exhibition industry. Last year, several respected mainland-branded conventions and exhibitions were held in Macao, including the Third China Catering Expo and the International Infrastructure Investment and Construction Forum. Moreover, the Government continued to establish Macao's brand conventions and exhibitions, and successfully held the Macao International Trade and Investment Fair (MIF), the Macao International Environmental Cooperation Forum (MIECF), the Guangdong and Macao Branded Products Fair, and the Macao Franchise Expo (MFE). The Government strongly supported industries to hold conventions and exhibitions, and to enhance connections between local conventions and exhibitions and major mainland events, to promote regional industrial cooperation. It also encouraged companies to organise and participate in local and overseas exhibitions, and created a favourable environment and platforms that facilitate diversified development of Macao's economy.

Actively support small and medium enterprises and reasonably coordinate human resources

Small and medium-sized enterprises (SMEs) are an important part of Macao's economic diversification. In 2012, the Government continued to implement and improve supportive measures for SMEs. Stronger financial assistance was offered to SMEs by increasing the upper limit of interest-free loans from 500,000 patacas to 600,000 patacas. The Government also continued to run the SME assistance scheme, credit assurance scheme and interest subsidy scheme on bank loans to enterprises, as well as to support the development of SMEs through the Commercial Development Fund. To remedy the manpower shortfall faced by SMEs, the Government accelerated the approval process for applications to employ non-resident staff.

The territory's steady economic development is attributed to a stable and efficient labour force. The Government has been facilitating the appropriate matching of human resources through training and employment and job-changing assistance, so as to promote local residents' job engagement and maintain a low unemployment rate, as well as to provide impetus to the development of enterprises.

In 2012, Macao's unemployment rate was 1.9 percent, a year-on-year decrease of 0.7 percentage points. In the fourth quarter, the median monthly income of the employed population was 12,000 patacas, an increase of 1,700 patacas year on year.

As at the end of 2012, the job-referral programme had provided instant job-referral services and employment assistance to 3,237 job seekers. Communication and cooperation between employers and employees was also strengthened to help balance supply and demand for manpower. Meanwhile, employment assistance was strengthened with the launch of the Employment Training Scheme for the Middle-aged and the Training Series for the Middle-aged to assist members of that age group who have low education levels to secure a job. To support upward mobility for the underprivileged, employers were encouraged to hire the disabled and relief training courses were continued. Meanwhile, applications for the import of labour were approved in strict accordance with the law, and the deployment of labour in local companies was monitored to protect local residents' employment rights.

Drawing on international practices to ensure the financial sector's stable development

The Government continued to monitor and supervise financial institutions. It drafted and promulgated the Guide to Application for Licences to improve the approval process for financial institution licence applications, and in July it promulgated the Law on Deposit Protection Scheme. As regards banking regulation, it drafted or revised relevant rules in a timely manner to ensure that local banks stick to prudent operation and proper internal controls as well as risk management in the face of changing circumstances. The New Capital Accord issued by the Basel Committee on Banking Supervision was implemented in phases, and the Guidelines on Declaration of Financial Information were introduced, raising the requirements for declaration of banking information. The Rules on Cash in Hand and Minimum Liquidity Requirements were revised in line with the implementation of the Macao Pataca real-time gross settlement (RTGS) system.

In terms of insurance regulation, the Government completed on-site inspections of insurance companies and on-site specific inspections of life insurance companies to prevent and combat money laundering and terrorist financing. In addition, several laws and regulations were amended, including the addition of provisions to the Law Governing Insurance Business and Regulations on Insurance Agents and Brokers. Meanwhile amendments to the Law on Insurance for Workplace Accidents and Occupational Diseases and guidelines on the governance of insurance companies were drafted. The website for insurance consumers was also launched and the manual for insurance consumers was tentatively completed.

Promoting regional cooperation and fulfilling Macao's function as a commercial and trade services platform

In 2012, the Government continued to actively promote regional economic integration and strengthen cooperation with mainland China and neighbouring regions, and established win-win relations with mainland China and Portuguese-speaking countries, advanced Macao's economic development and the quality of its commercial and trade services, thus progressively promoting adequate diversification of the economy.



In April 2012, the Eighth Supplementary Protocol to the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) was officially implemented; while in July the Ninth Supplementary Protocol to the CEPA was signed between Macao and the Ministry of Commerce, taking effect

on 1 January 2013. A total of 48 service sectors have now been liberalised, among a total of 318 liberalisation measures.

To further demonstrate Macao's function as a service platform for commercial and trade cooperation between China and Portuguese-speaking countries, the Government actively promoted cooperation between Macao and various mainland provinces and cities. On the foundation of the Framework Agreement on Cooperation Between Guangdong and Macao, cooperation in the convention and exhibition industry and among SMEs of Guangdong and Macao on intellectual property and finance were strengthened. Arrangements were made for enterprises of the two regions to visit Portugal and Italy to promote investment. Delegations were also sent to participate in economic and trade events in the Pan-Pearl River Delta (PPRD) region.

Moreover, the Government also strived to construct a platform for the cooperation between the PPRD region and the international environmental industries, and through which the enterprises in the PPRD region could open up overseas markets in Portuguese-speaking countries and the European Union. The Government also further fostered economic and trade exchange and cooperation between Macao and mainland provinces and cities such as Fujian, Chongqing and Anhui.

Joining hands for regional planning and promoting development of major infrastructure

In the positive environment under the Framework Agreement on Cooperation between Guangdong and Macao, cooperation between the two regions in the economy, society and people's livelihoods has achieved new progress. Through active participation in the development of key areas such as Hengqin and Nansha, Macao has further improved its development structure, enhanced planning and accumulated experience, thus laying a solid foundation for effective cooperation in the next stage.



To implement the framework agreement and step up efforts to promote Guangdong-Macao cooperation, the 2012 Memorandum of Understanding on the Implementation of CEPA to Promote Guangdong-Macao Cooperation was signed in February to foster cooperation between the service sectors of the two regions. Meanwhile, both sides continued to facilitate the development of Hengqin and actively assisted local chambers of commerce and associations to organise visits to Hengqin.

As one of the major projects in the development of Hengqin, work on the Guangdong-Macao Chinese Medicine Industrial Park has been progressing smoothly. In 2012, completed aspects included bidding for land use rights, transferring the land and making relevant payments, writing

and submitting the business planning report, and the first stage of construction. Cooperation between Guangzhou and Macao in the development of Nansha has also made progress, and cooperation between the two in economic and trade strengthened.

In 2012, the Government further pursued the establishment of the Major Action Plan for the Bay Area Development of the Pearl River Estuary, the Macao and Zhuhai Collaborative Development Plan and the Pearl River Estuary West Bank Development Plan, strengthened coordination and planning with Zhuhai Municipality and the Pearl River Delta (PRD) region in respect of urban planning, infrastructure, customs clearance, public services, industrial layout and ecology, developed the Zhuhai-Macao Metropolitan Area with its pleasant ecological environment, inter-connected public services, coordinated industrial development and convenient working and living environments, fulfilled Macao's function as a world tourism and leisure centre and a commercial and trade services platform, strengthened Macao's momentum towards adequate economic diversification, and developed a hinterland for such diversification.

In 2012, the construction of the new Hengqin campus of the University of Macau made good progress. However, in view of the collapse in July of the section of the cross-river tunnel connecting to Henqin, the Infrastructure Development Office emphasised that safety and quality remained the Government's highest priorities, and thus required the contractor to submit a new, feasible project plan in order to safeguard the quality and safety of the project. The contractor also had to assume all responsibility for any loss or delay in works resulting from the incident. At the end of 2012, construction of all individual buildings within the campus has entered the final stage. The construction of the major structure of the cross-river tunnel was also completed in January 2013.

To relieve the workload of customs clearance, the governments of Guangdong and Macao announced a new border-crossing project in 2012, followed by a joint application and report to the Central People's Government, discussion of the implementation of the project with relevant ministries, and active preparation for various studies at the initial stage.

In support of the completion of the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong-Zhuhai-Macao Bridge Border-crossing Policy Research and Coordination Group was formed by the governments of the three cities to carry out studies of various proposals related to movement across the border and to push forward relevant works on both sides. In regard to cross-border transport, studies were launched of the public transport system and the feasibility of Macao-registered motor vehicles moving between Macao and Hengqin; interoperability of fare cards between Macao and the other two cities was promoted, and liaison and communication was strengthened to facilitate mutual recognition of driving licences, in an effort to implement relevant management solutions and measures within 2013.

On the support offered to Sichuan, all 103 reconstruction projects in which the Government participated were completed in 2012. It only remains to perform final review and assessment of the project audit reports to ensure that the projects were constructed in accordance with the goals and requirements of the Government, and that quality and safety are up to the national standard.

Launch consultation on population policy to support development and strengthen human resources

In tandem with the stable development of the economy and society, we must enhance the overall

strength of Macao's population and attach importance to leveraging the advantages of Macao's talent pool, in order to promote economic and social development in line with the enhancement of local residents' benefits and welfare. In support of the implementation of the development blueprint, the Government's population policy will embrace the vision to enhance population quality, improve population structure, upgrade overall strength of human resources, promote quality of life, and ultimately achieve Macao's sustainable development goals.

After comprehensive analysis of the 2011 Population Census results and further specific studies, the Policy Research Office has kicked off a public consultation on Macao's population policy framework. The Government would consolidate and summarise the comments collected from various sectors of the community and carefully formulate population policy that meets the needs of Macao's development.

The three-month public consultation on Macao's population policy framework was launched in November to collect opinions and suggestions from different sectors with the aim to reach social consensus. A number of briefing sessions were organised by the Policy Research Office during the consultation period to collect opinions and suggestions on Macao's population policy framework directly from the public. The Policy Research Office has made full record of and compiled the public views collected during the consultation sessions on issues such as ageing population, management of non-resident workers, supply of professional workers, population quality, population scale and carrying capacity of the population, to facilitate in-depth studies on population policy conducted by the Government, and to provide reference for relevant departments in formulating policies and measures.

Successful progress in constitutional development and continued improvement in public administration

Completion of five-step law amendment marks a major step forward on constitutional development

Macao's constitutional development made significant progress in 2012. The five-step law amendment process to revise the methods for selecting the Chief Executive and forming the Legislative Assembly was completed, representing a major advance in Macao's constitutional development, as well as demonstrating successful implementation of the principle of "One country, two systems."



Constitutional development was a major focus of the Government's agenda in 2012. In the course of looking for election methods that suit the social characteristics of Macao, the Central People's Government has given its full support to Macao while the Government has adhered strictly to the relevant requirements of the Basic Law of the Macao Special Administrative Region. Based on the interpretation and decision of the Standing Committee of the National People's Congress (NPC) and taking into consideration the practical situation of Macao, the Government has secured mainstream consensus after the consultation period, and started the amendment process of the selection and formation methods for the Chief Executive and Legislative Assembly respectively.

On 31 December 2011, the Standing Committee of the NPC passed the bill on the Interpretation of Article 7 of Annex I and Article 3 of Annex II of the Basic Law of the Macao Special Administrative Region (the "Interpretation"), thus officially establishing the five-step process to revise the methods of selecting the Chief Executive and forming the Legislative Assembly. During the one-month initial public consultation, the Government received a total of 2,692 submissions of opinions and suggestions. After considering mainstream opinion from various sectors of society and the general public, the Chief Executive submitted a report to the Standing Committee of the NPC on 7 February 2012. On 29 February, the Standing Committee of the NPC adopted a decision on the methods for forming the Legislative Assembly of the MSAR in 2013 and selecting its Chief Executive in 2014 (the "Decision").

Constitutional development is closely related to the daily life of Macao people, and the Government attaches great importance to the support and participation of the general public. Public opinion was widely collected through various consultation channels, and consideration given to the interests of different sectors of society, in order to reach community-wide consensus.

In accordance with the Basic Law and the Interpretation and the Decision passed by the Standing Committee of the NPC, the Government published its consultation paper on Macao's constitutional development, and on 10 March 2012 launched a 45-day public consultation on the methods for forming the Legislative Assembly of the MSAR in 2013 and selecting its Chief Executive in 2014. A total of ten consultation sessions were organised, which enabled the Government to better understand public opinion through direct conversation. During the consultation period, the Government received 165,247 submissions of opinions and suggestions from different sectors of society, various community groups and organisations, as well as the general public.

With regard to the method for selecting the Chief Executive in 2014, among the 153,092 submissions collected, 133,431 supported increasing the membership of the Chief Executive Election Committee from 300 to 400. In regard to the allocation of the newly added seats in the Election Committee, of the 54,100 submissions, 28,362 were for increasing the numbers of seats for the professional, labour, and social services sectors. As for the method for forming the Legislative Assembly, among the 159,837 submissions collected, 138,251 supported the idea of having two additional directly and indirectly elected legislators, with the number of appointed legislators remaining the same.

After concluding and analysing the opinions collected, the Government accordingly tabled the draft bill of amendment to the method for the selection of the Chief Executive, and the draft bill of amendment to the method for the formation of the Legislative Assembly. The former suggested that the number of members in the Chief Executive Election Committee be increased from 300 to 400; while the latter suggested adoption of the "adding two to each" proposal, meaning that the