

# 4

## ECONOMY



## 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, applicants or their companies may be granted the following tax incentives:

1. Property purchased and used for production is exempt from all property tax. Rented property used for production is partially exempt. The exemption period for production facilities on the Macao peninsula is no more than ten years; for those on the two islands, it is no more than 20 years;
2. Business tax is entirely waived for candidates who have received preliminary approval. Establishments (other than offshore banks) on the two islands enjoy a 50-percent reduction;
3. Profit tax is reduced by 50 percent; and
4. Stamp duty is reduced by between 50 percent and 100 percent for all property transfers involving industrial use. This includes transactions involving trade, administration, offshore companies, long-term leases and non-profit organisations. Charitable donations related to property transfers valued at less than 50,000 patacas also enjoy reduced stamp duty.

In addition, the Government offers the following incentives:

1. Businesses such as guest houses, hotels and restaurants are completely exempt from tourism tax; and
2. Motor vehicles, tour buses, mass transit vehicles and trucks used by Government departments in Macao are all exempt from motor vehicle tax.

## Financial Incentives

The Interest Subsidy Scheme on Bank Loans to Enterprises (By-law No. 16/2009), which on 30 May 2011 was amended by By-law No. 10/2011, supports some struggling local enterprises so they can improve business conditions and thereby adapt to changes in the industrial structure, with a series of supportive Government financial measures that include increased resource allocation, expanding the scope of support to cover more industries, granting entitlement to rebates to more investment projects, simplified application requirements, and relieving the financial burdens of enterprises benefiting from the rebates. The scheme is enacted to provide loan interest rebates to encourage local enterprises investing in Macao to increase investment within their business areas, so as to foster diversification of local economic activities, promote environmental protection, support technological innovation and transformation, increase their competitiveness, and realise business modernisation. 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 2012 (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  | 20.52%                        | 65,760,844                                   | 17                            |
| Construction and public works                        | 20.51%                        | 65,745,790                                   | 14                            |
| Public services, social welfare and private services | 17.30%                        | 55,449,419                                   | 19                            |
| Real estate activities and corporate services        | 16.05%                        | 51,454,465                                   | 12                            |
| Retail   | 7.02%                         | 22,511,270                                   | 6                             |
| Transport and warehousing                            | 4.93%                         | 15,788,545                                   | 7                             |
| Chinese restaurants, restaurants and hotels          | 4.92%                         | 15,759,776                                   | 9                             |
| Food, beverage and tobacco products                  | 2.84%                         | 9,110,000                                    | 2                             |
| Paper, printing and publishing                       | 2.45%                         | 7,864,270                                    | 4                             |

(Cont.)

| Coverage of Interest Subsidy Scheme in 2012 (as at end of Q4) |                               |  |                               |
|---|-------------------------------|--|-------------------------------|
| Type of industry  | Percentage (%) <sup>(1)</sup> | Approved subsidy amount (MOP) <sup>(2)</sup> | Approved cases <sup>(2)</sup> |
| Textile, garment and leather manufacturing                    | 1.99%                         | 6,394,060                                    | 1                             |
| Other industries  | 1.47%                         | 4,700,000                                    | 2                             |

Notes: (1) As a percentage of the total approved subsidy amount; (2) Subject to approval date

Under Decree-Law No. 49/85/M, Article 11 in particular, the Government will grant repayable or non-repayable subsidies for the following investment projects:

- Manufacturing of new products that involve serious economic risks but are nonetheless worthwhile;
- Introduction of new projects and developments that support Macao's industrial development; and
- Establishment of pollution-prevention facilities that benefit Macao.

## Export Diversification Incentives

Any company registered with the Economic Services Bureau may apply for a subsidy. Full subsidies apply to rental of exhibition venues and expenses for the construction, installation and dismantling of booths; expenses for furnishing booths and assistance with their operation during exhibitions; and expenses relating to participation in exhibitions by chambers of commerce, including travel expenses for their representatives (the Macao Trade and Investment Promotion Institute will decide the number of representatives).

Sixty-percent subsidies are applied to production of printed materials, such as leaflets, catalogues and pamphlets up to a maximum cost of 40,000 patacas; production of audio-visual equipment up to a maximum cost of 70,000 patacas; and individual participation in exhibitions outside Macao up to a maximum cost of 60,000 patacas, for the renting of booths and set-up fees.

Fifty-percent subsidies are applied to products for participation in international exhibitions or trade missions led by the Macao Trade and Investment Promotion Institute; transportation costs for product samples (weighing a maximum of 20 kg for air transport and up to three cubic metres in size for sea transport); and two economy-class return tickets (purchased from local travel agents) for each enterprise.

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 in the 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.

## Manufacturing

Following its 1980s boom, Macao's manufacturing industry now faces changes in the worldwide manufacturing supply chain and disparity in regional manufacturing costs. Since the 1990s, Macao has gradually transformed into a more service-oriented economy. As a result, the GDP share of the manufacturing industry dropped from 20.6 percent in 1989 to 0.7 percent in 2011. In 2011, the total output and added value of the manufacturing industry were 6.36 billion and 1.32 billion patacas respectively.

In 2012, the total value of Macao's exports was 8.16 billion patacas, representing year-on-year growth of 17.1 percent, of which Macao's domestic product exports accounted for 2.29 billion patacas, down 4.4 percent year on year. The value of re-exports was 5.87 billion patacas, up 28.2 percent year on year. Hong Kong continued to be the major export market for Macao with a share of 50.2 percent of Macao's total export value, an increase of 31.7 percent year on year. Mainland China accounted for 16.8 percent of Macao's total export value, an increase of 24.7 percent year on year. The United States accounted for 6.2 percent, a decrease of 8.7 percent.

A breakdown of product exports reveals that textile and garment exports in 2012 were worth 1.05 billion patacas, down 21.3 percent year on year and representing 12.9 percent of total export value. Machinery and spare parts and tobacco and wines accounted for 17.5 percent and 9.4 percent of total exports respectively, while copper and copper products accounted for 4.6 percent.

Product export value under CEPA in 2012 totalled 104 million patacas and included: garments and textiles, copper-clad laminates, stamps, recycled plastics, coffee, food items, printer ribbons and ink. Tax with a total value of 9.292 million patacas was waived. During the past nine years, the total value of zero-tariff goods entering mainland China in accordance with CEPA provisions was 360 million patacas, with 29.09 million patacas of taxes waived.

## Financial Industry

The financial industry in Macao underwent rapid development towards the end of the 1980s. Following 20 years of growth and refinement, Macao now boasts a sophisticated and open financial system with unique characteristics in the region. The Monetary Authority supervises Macao's financial industry.

Macao's financial institutions consist of banks, insurance companies, financial companies, financial intermediaries, bureaux de change, cash remittance companies, non-banking credit agencies and the representative offices of overseas financial institutions. As at 31 December 2012, among financial institutions authorised to operate in Macao there were 29 banks (including the Government-owned Postal Savings Office), 23 insurance companies, one pension-fund management company, one finance company, two financial intermediary companies, 12 bureaux de change, six bureaux de change counters, two cash remittance companies, one non-banking credit agency and one representative office of an overseas financial institution.

## The Banking System

The primary legislation regulating Macao's financial 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 new operating 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 those 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 2012, the 29 banks in Macao owned assets with a total value of 796.2 billion patacas, and hired 5,348 employees at their 188 headquarters and branches. Total deposits in Macao's banking system amounted to 540.6 billion patacas, while loans totalled almost 407 billion patacas – the loan-to-deposit ratio being 75.3 percent.

When classified by source of origin, the banking system of Macao – excluding the Government-operated Macao Postal Savings – has just one bank registered with local capital, with the other 27 currently operating banks being either branches or subsidiaries of overseas banking groups. Foreign capital mainly comes from seven countries and regions: mainland China, Portugal, the United States, the United Kingdom, Singapore, Taiwan and Hong Kong.

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 2011, some 23 insurance companies were permitted to conduct business in Macao.

Of these, 11 were life insurance companies and the other 12 were engaged in non-life insurance. Classified by their origins, eight of these companies were local, and the other 15 were branches of overseas companies. In addition, one fund-management company was authorised to conduct pension-fund business in the SAR. At the end of 2012, Macao's insurance industry employed 459 people. There were 3,364 authorised insurance intermediaries: 2,266 individual agents, 1,016 salespersons, 69 corporate agents, and 13 insurance brokers.

In 2012, total insurance premium income was 5.4 billion patacas, 23.8 percent more than in 2011. Life insurance premium income accounted for 69.4 percent of the insurance market's total income, with the remaining 30.6 percent coming from non-life insurance. Life insurance premiums totalled 3.7 billion patacas, up by 19.1 percent from the previous year. Non-life insurance premiums totalled 1.7 billion patacas, representing an increase of 35.9 percent.

At the end of 2012, seven life insurance companies and one pension-fund management company were providing private pension fund management services. So far, 46 pension funds have been established under the Legal Framework for Private Pension Funds, of which five are closed-end and 41 are open-end funds. To date, more than 780 private pension fund schemes have been established by businesses or self-employed individuals, benefiting a total of more than 100,000 employees. The assets of the managed funds totalled about 8.5 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.

## **Compulsory Insurance**

There are six 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, and civil liability insurance for lawyers.

## **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 2012, a total of 3,320 candidates sat the insurance intermediary qualification examination, with a pass rate of 86 percent.

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. However, intermediaries who had obtained life insurance licences before this date were granted a two-year transition period before they had to meet the requirement. The transition period ended on 30 June 2013. At the end of 2012, a total of 1,024 candidates had sat for the qualifying examination with a pass rate of 82 percent.

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, as well as various guidelines regarding life insurance.

## The Construction and Real Estate Industry

As Macao's economy rebounded soon after the Handover, the local property industry entered a new stage of development.

The average sales price for residential units in 2012, calculated in terms of usable floor area, was 57,362 patacas per square metre, 38.4 percent higher than the previous year's figure of 41,433 patacas. The average prices per gross floor area for residential units on the Macao peninsula, Taipa and Coloane were 52,573 patacas, 64,494 patacas and 80,981 patacas per square metre, respectively.

The corresponding sales price of industrial units was 20,812 patacas per square metre, up by 73.4 percent from a year earlier.

The average sales price of office space was 46,320 patacas per square metre, up by 32.1 percent from a year earlier.

In 2012, construction began on buildings totalling a gross floor area of 304,376 square metres, 17.1 percent less than in the previous year. These buildings, when completed, will provide 1,592 residential units, 1,029 car parking spaces and 355 motorcycle parking spaces.

Buildings completed in 2012 (including expansion) providing 2,558 units with a total area of 1,568,470 square metres, representing a 34.9 percent increase compared with 2011. Among them, 2,443 were residential units, up 1.2-fold year on year, 4,236 car parking spaces and 1,468 motorcycle parking spaces.

In 2012, the number of recorded residential transactions involving payment of property transfer stamp duty was 25,419, down eight percent year on year, with a total transaction value of 100.91 billion patacas, up 32.3 percent. Among them, 9,520 units were new building units within the real estate tax waiver period (representing 37.5 percent of the total), involving a total transaction value of 52.42 billion patacas.

A total of 16,917 residential units changed hands in 2012 (of which 4,527 were uncompleted units), 2,205 less than in 2011. Among them 12,435 were located in the Macao peninsula, 3,440 in Taipa and 1,042 in Coloane. The total value of transaction was 74.23 billion patacas, 26.1 percent higher than the figure in 2011. The numbers of shops, offices and industrial building units bought and sold during the year were 2,189, 783 and 246 respectively. For parking spaces, 5,122 transactions were recorded.

In 2012, prices of construction materials rose steadily. The price index of construction materials

for residential buildings rose by 3.5 percent year on year to 120.1. The price indices for sand and concrete rose by 22.6 percent and 21.2 percent respectively.

The average daily wage of a construction worker in 2012 decreased by 2.1 percent year on year to 565 patacas, however, the average daily wage of local construction workers increased by 9.7 percent over the past year to 670 patacas. The real wage index for construction workers, discounted for inflation, was 88.4, down 6.9 percent on the previous year. The real wage index of local construction workers, however, increased by 2.4 percent to 99.9.

## Employment and the Labour Market

Given the sluggish global economy with its weak prospects for revival, Macao's economic growth slowed slightly in 2012, but local employment remained healthy. With labour demand continuing to outstrip supply, the unemployment rate declined to an all-time low of two percent, and the paid income of employees and the number of foreign employees both increased significantly.

According to 2012 Q4 statistics, Macao's labour population totalled 357,000 and the employed population was 350,000 (98.1 percent), of which 51.6 percent were males and 48.4 percent were females. The unemployment population totalled 6,600 (1.9 percent). The median monthly salary of the employed population was 12,000 patacas, up 20.0 percent over the previous year. At the end of December 2012, the number of foreign employees imported to ease local labour shortage increased by 17.6 percent compared with the figure in 2011.

## The Working Population and Labour Force Participation Rate

In 2012, Macao recorded a labour participation rate of 72.4 percent. The labour participation rate for males was 78.6 percent, and for females was 66.8 percent. Classified by age and gender, the 35-44 age group achieved the highest labour participation rate, 92.8 percent, comprising 96.8 percent of men and 89.5 percent of women.

## Employment

Of Macao's employed population in 2012, the median age was 39.4 (40.0 for males and 38.8 for females). Broken down by sector, the working population was mainly engaged in cultural, entertainment, gaming and other service industries (25.8 percent); hotels and catering (15.5 percent); wholesale and retail (12.7 percent); and construction (9.3 percent).

Classified by occupation, clerical workers made up the largest group, followed by service and retail workers, and non-technical workers; these three categories accounted for 29.0 percent, 20.7 percent and 16.3 percent, respectively, of the entire working population.

Of the employed population, 17.7 percent had qualifications not higher than primary education, 26.1 percent had completed lower secondary school education, 28.9 percent had completed higher secondary school education and 27.3 percent had completed tertiary education. The main age groups in the employed population were 25 to 34, 35 to 44 and 45 to 54, accounting for 28.3 percent, 24.2 percent and 23.6 percent, respectively, of the working population.

## Unemployment and Underemployment

In the fourth quarter of 2012, Macao recorded an unemployed population of around 6,600, representing an unemployment rate of 1.9 percent. Among the unemployed, 83.9 percent had work experience and were looking for jobs, whereas 16.1 percent had not worked before and were looking for their first job. In terms of education, 26.3 percent of the unemployed had completed only primary education or below; 31.8 percent, 21.6 percent and 20.2 percent had completed lower, higher secondary and tertiary education respectively.

Among the unemployed, 67.3 percent had spent less than four months looking for a job, 18.8 percent had spent four to six months looking for a job, and 4.3 percent had spent more than 12 months. Among the unemployed looking for a new job, 32.0 percent were from the cultural, entertainment, gaming and other services sector, 17.5 percent from the construction industry, 15.0 percent from the wholesale and retail industry, 14.9 percent from the hotel and catering sector. In terms of their occupations before being unemployed, 32.9 percent of the job seekers were clerks, 22.9 percent were service workers or in sales, and 15.9 percent were unskilled workers. The major causes of unemployment were personal or family reasons (38.2 percent), unsatisfactory work conditions (20.1 percent), termination of temporary jobs (14.2 percent), and closure of business (13.8 percent).

## Monthly Earnings

Statistics reveal that in the fourth quarter of 2012, the overall median monthly income of Macao's employed population was 12,000 patacas. The median monthly income of the cultural, entertainment, gaming and other services sector, which employed the largest number of workers, was 15,000 patacas, and that of gaming in particular was 15,000 patacas. Sectors with the highest median monthly income were, in descending order, public administration and social security (28,400 patacas), education (17,000 patacas), water, electricity and gas production and supply (16,500 patacas), and medical, healthcare and social welfare (15,000 patacas).

## Non-Resident Workers

At the end of December 2012, Macao had 110,552 non-resident workers, an increase of 17.6 percent year on year. The hotel and catering industry accounted for the largest share of non-resident workers (30.8 percent), followed by household jobs (16.4 percent), construction (13.9 percent), wholesale and retail (10.5%), cultural, entertainment, gaming and other services (10.1 percent), including 1,427 construction workers directly hired by gaming companies.

## Financial Management

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. Typically, early in the latter half of the year the Financial Services Bureau sends the format of the General Budget proposal for the following year to all public departments, according to this schedule. Then all public departments are allowed two to three months to collect and compile data, and to submit the budget proposals already reviewed by the supervisory entities to the Financial Services Bureau. 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. There are six specific organisations: Macao Post Office, Macao Postal Savings, Pension Fund Authority, Monetary Authority, Motor and Marine Guarantee Fund and Macao Foundation.

## 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 confiscated goods or goods which are deemed unusable by Government departments. 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 and raw materials needed by the Government. The tender agenda is published in local newspapers, the Macao SAR Gazette and the Financial Services Bureau website. 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 the bidder who makes the best offer in terms of price, quality of goods and delivery date. The judging criteria also include the quality of goods provided previously and any record of overrulings.

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 offices, warehouses, housing and car parks, 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 Summary of 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.

## Profit Tax

Regulations on Profit Tax require that profit tax be levied on the total income of individuals or groups from local industrial or commercial activities. Rates of profit tax are set out 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%        |

## 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%        |

### Tourism Tax

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

### 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.

### 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%       |

## Excise Duty

Excise duty is levied on cement, fuel, lubricants, tobacco, alcoholic drinks and sparkling soft drinks containing flavourings and minerals. Certain alcoholic drinks are subject to an ad valorem tax based on their CIF price in Macao, while other products are subject to fixed rates of consumption tax.

## Motor Vehicle Tax

Natural persons or legal persons importing new motor vehicles for their own use or for transfer to consumers are subject to motor vehicle tax based on the taxable value of motor vehicles. Rates of motor vehicle tax 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                       | ---                              | 10%                        |
| From over 15,000 patacas to 25,000 patacas | 35%                              | 20%                        |
| From over 25,000 patacas to 40,000 patacas | 40%                              | 30%                        |
| Over 40,000 patacas                        | ---                              | 30%                        |

| Cars   |                                  |                            |
|--|----------------------------------|----------------------------|
| Level of taxable value (patacas)             | Corresponding rate of each level | Effective average tax rate |
| Up to 100,000 patacas                        | ---                              | 30%                        |
| From over 100,000 patacas to 200,000 patacas | 40%                              | 35%                        |
| From over 200,000 patacas to 300,000 patacas | 65%                              | 45%                        |
| From over 300,000 patacas to 500,000 patacas | 70%                              | 55%                        |
| Over 500,000 patacas                         | ---                              | 55%                        |

## Financial Services Bureau

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

## Registered Auditors and Accountants

At the end of 2012, there were 13 registered auditing companies, 110 registered auditors and 169 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 on the mainland through appropriate institutions and mechanisms, further developing Macao’s role as a gateway and bridge. Implementation of 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 the mainland. Macao’s emphasis on economic cooperation with the mainland and the use of the enormous China market as its hinterland has enhanced its economic position.

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

The Outline of the Plan for the Reform and Development of the Pearl River Delta (hereinafter referred to as “the Outline”), introduced by the National Development and Reform Commission in January 2009, sets out the blueprint to develop the Pearl River Delta into a large metropolitan region of top global competitiveness; it will be mainly driven by the mutual cooperation and synergies among Guangdong, Hong Kong and Macao.

In March 2011, the 12th Five-Year Plan included a chapter on Macao and Hong Kong that mentioned strengthening of cooperation between mainland China, Hong Kong and Macao and the continued implementation of CEPA; support for developing Macao into a world tourism and leisure centre and speeding up development of the economic and trading service platform between China and Portuguese speaking countries; support for establishing a more diversified economy and speeding up development of industries such as tourism, MICE (Meetings, Incentives, Conventions, and Exhibitions), Chinese medicine, education, as well as cultural and creative industries.

Statistics from the Ministry of Commerce show that the volume of trade between Macao and mainland China was 2.99 billion US dollars, up 18.6 percent year on year. During the whole of 2012, Macao had 303 investment projects in mainland China, with an actual investment value of 510 million US dollars. The cumulative total of Macao’s mainland China investment projects was 13,142 at the end of December 2012, with an actual investment value of 10.89 billion US dollars. Macao investments accounted for 0.85 percent of mainland China’s cumulative total of foreign investments.

## The Mainland China and Macao Closer Economic Partnership Arrangement (CEPA)

The Mainland China and Macao Closer Economic Partnership Arrangement (CEPA) is an

arrangement between two separate tariff zones of a single country that is similar to a free-trade agreement. In conformity with WTO rules and with the approval of the State Council, consultations for establishing CEPA were initiated in June 2003 in Beijing. On 17 October 2003, the Macao SAR Government and the Ministry of Commerce signed the general principles of CEPA and its six annexes, namely: the Arrangement for Implementation of Zero Tariff for Trade in Goods, Rules of Origin for Trade in Goods, Procedures for the Issuing and Verification of Certificates of Origin, Specific Commitments on Liberalization of Trade in Services, Definition of “Service Supplier” and Related Requirements, and Trade and Investment Facilitation. CEPA became effective on 1 January 2004.

Between 2004 and 2012, mainland China and Macao signed nine Supplementary Protocols to CEPA. Essentially, the three broad areas involved are: trade in merchandise, services trade, and trade and investment facilitation. Regarding merchandise trade: since 2006, all goods originating from Macao that are imported into mainland China have enjoyed zero tariffs, after the standards on places of origin are stipulated. At the end of 2012, a total of 1,260 types of goods had set standards on place of origin. (There were 273 in 2004, when the measure was first implemented.) Regarding services: mainland China has relaxed its market entry requirements for Macao service providers in various industries. Since 1 January, 2013, mainland China has opened 48 areas and formulated 318 measures for Macao, creating great room for collaboration and an extensive platform for the cooperative development of both Macao and mainland China.

Regarding facilitation of trade and investment: Macao and mainland China have begun cooperation in 10 fields. These are:

1. Trade and investment promotion;
2. Facilitation of customs clearance;
3. Merchandise inspection, fauna and flora quarantine, food safety, health and communicable disease inspection and quarantine, accreditation and standardised management;
4. E-commerce;
5. Transparency of laws and regulations;
6. Cooperation between SMEs;
7. Cooperation with different industries, including Chinese medicine, MICE, cultural industry, environmental protection, and creative technology;
8. Protection of intellectual property rights;
9. Cooperation between brands; and
10. Cooperation in education.

The Economic Services Bureau joined hands with the Legal Affairs Bureau and the Macao Trade and Investment Promotion Institute to launch the official CEPA website ([www.cepa.gov.mo](http://www.cepa.gov.mo)). This aims to provide a convenient channel for industrial and commercial enterprises and the public to obtain information about laws and regulations regarding trade and investment between

Macao and mainland China.

## Interconnections with Other Mainland China Provinces and Cities

The Government is committed to the policy of “Reaching out and inviting in”. While striving to maintain close economic and trade relations with its neighbouring regions, it works actively to 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 provinces, cities and autonomous regions, including Beijing, Tianjin, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Fujian, Guangdong, Xichuan and Shaanxi, developing every aspect of economic and trade cooperation.

In November 2012, government leaders of the PPRD region including Secretary for Economy and Finance Tam Pak Yuen led delegations to attend the Eighth PPRD Regional Cooperation and Development Forum held in Haikou, Hainan.

The 2012 MIECF hosted by the Government and co-organised by 10 provincial/regional governments in the PPRD region was held from 29 March to 31 March in Macao. Members of the PPRD region (9+2) set up their own pavilions and sent delegations to participate.

In a bid to enhance economic and trade cooperation between Beijing and Macao, the Government led a business delegation of over 80 local entrepreneurs to Beijing in May 2012 to attend the first China (Beijing) International Fair for Trade in Services (CIFTIS). In September, the first Beijing and Macao Economic and Trade Exchange Symposium, jointly organised by the People’s Government of Beijing Municipality and the MSAR Government, was held in Beijing.

## Relationship with Guangdong Province

Many manufacturers in Macao have moved their businesses across the border to the Pearl River Delta (PRD) in 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 conference mechanism has further enhanced the foundations for cooperation, complemented the strengths of each partner, and integrated the advantages of the two regions. The combination of Guangdong Province’s manufacturing industry, technical skills, talent and low costs with Macao’s status as a separate tariff region and free port has created mutual development and prosperity.

The Zhuhai-Macao Cross-border Industrial Zone, the first large-scale joint investment project by the two sides, was approved by the State Council on 5 December 2003. It is being built between Maoshengwei in Gongbei, Zhuhai, and Ilha Verde in northwestern Macao. Phase one of the project has a total area of 400,000 square metres. Some 290,000 square metres of this are in Zhuhai, and 110,000 square metres are in Macao. 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.

The Guangdong-Macao Cooperation Joint Conference was held on 19 April 2011 in Zhuhai, Guangdong. The conference was followed by the signing of the Plan for the Implementation of the Guangdong-Macao Cooperation Framework Agreement, and the Agreement on Guangzhou and Macao Jointly Promoting the First Trial Implementation of CEPA in the Nansha Integration Demonstration Area, and the Agreement on Zhuhai and Macao Governments Jointly Developing the Guangdong and Macao Traditional Chinese Medical Science and Technology Industrial Park.

On 19 April, an official launch ceremony was held for the Guangdong and Macao Traditional Chinese Medical Science and Technology Industrial Park in Hengqin, as part of the main agenda of the Joint Conference on Guangdong-Macao Cooperation. This signified the first Guangdong-Macao construction project to be officially launched since the signing of the Framework Agreement on Cooperation Between Guangdong and Macao. The Industrial Park, covering 0.5 square kilometres, has been developed with the aim of becoming the base and an international trading platform that integrates Chinese medicine and pharmacy, technology, convention and exhibition, and logistics.

In January 2012, the Macao Guangzhou Famous Products Fair was held in Guangzhou for the first time. During the same period, the 2012 Guangzhou-Macao Trade Promotion Organisations and Business Associations Meeting cum Industry Exchange and Cooperation Conference was also held in Guangzhou.

On 4 December 2012, three documents were signed at the Guangzhou-Macao Cooperation Task Force meeting held in Macao. Agreements were made in the areas of convention and exhibition, cultural development and food supplies of the two cities.

In 2012, Department of Foreign Trade and Economic Cooperation of Guangdong Province and the Macao Trade and Investment Promotion Institute co-organised the following trade and economic promotion activities:

In June, the China-Portugal Enterprises Business Investment Forum and 2012 Guangdong-Macao-Portugal Economic and Trade Cooperation Promotion Seminar and the 2012 Guangdong-Macao-Italy Economic and Trade Cooperation Promotion Seminar were held in Lisbon and Rome respectively.

In the same month, the two organisations joined the Fourth Cape Verde Tourism Fair and the Entrepreneurs Meeting for Commercial and Economic Cooperation between China and Portuguese-



speaking Countries – Sal Isle of Cape Verde 2012, which was held in Cape Verde.

## 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”. A non-special activities licence for a general-system operation in an industrial building costs 500 patacas. The fees for special-system (not located in industrial buildings) or special-activity licences are calculated according to the floor area, and they range from 700 patacas to 4,500 patacas.

In 2012, the Economic Services Bureau issued five general-system industrial licences and 17 special system/special activities industrial licences. In addition, 11 general-system industrial unit licences and 32 special-system/special-activity industrial unit licences were issued, 34 industrial licences and 86 industrial unit licences were revoked, and 126 industrial licences were reissued 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.

There are four types of COs: the Certificate of Origin, the Generalised System of Preferences (GSP) Certificate of Origin, the Certificate of Origin (Foreign Products) and the CEPA Certificate of Origin. The first is a general document used for customs clearance. The second is used for customs clearance in importing countries and regions that use GSP. The third is used to prove that Macao was not the origin of products re-exported via Macao. The fourth is used for goods of Macao origin that enjoy zero tariff and other incentives under CEPA.

In 2012, the Economic Services Bureau issued 8,881 COs, for exports primarily destined for the United States and the EU. Exports to the United States accounted for 41.8 percent of the total; exports to the EU for 26.6 percent. The bureau also issued 19 GSP Certificates of Origin; 73.7 percent of these were for exports to the EU. It also issued 465 CEPA certificates of origin.

## Certificates of Macao Service Supplier

To enjoy the incentives and benefits under CEPA, all Macao enterprises that conform to Annex 5 of CEPA and all regulations in supplementary protocols 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 2012, the Economic Services Bureau issued 429 Certificates of Macao Service Suppliers.

## Export and Import Licences

Licences for Export and Import are regulated by External Trade Law (Law No. 7/2003). 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:

- Law No. 7/2003 of the External Trade Law;
- Regulatory By-law No. 28/2003 on External Trade Operations;
- Executive Order No. 452/2011 (Table of goods for self use or self consumption; Exportation Table and Importation Table; and table of goods requiring health quarantine/plant quarantine);
- Decree-Law No. 45/86/M on regulations applicable to Macao under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- 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 and Law No. 11/2011 on 19 December;
- 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;
- 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; and
- Decree-Law No. 51/99/M regulating commercial or industrial activities concerning computer programs, audiovisual products, and other relevant regulations.

According to law, licences for commodities that are subject to the special regime, listed in Exportation Table A and Importation Table B (contained in Executive Order No. 452/2011), 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:

- Textiles and garments;

- Species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Ozone-depleting substances;
- CD ROM production facilities;
- Weapons, ammunition and related parts and accessories; and
- Pharmaceutical items and medicines, and certain chemicals.

Regulated imported goods include:

- Drinks with alcohol concentrations of at least 30 percent by volume, and tobacco;
- Motor vehicles;
- Species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Ozone-depleting substances;
- CD ROM production facilities and materials;
- Live animals, meat and seafood, eggs and certain milk products;
- Pharmaceutical products and drugs, and certain chemicals;
- Weapons, ammunition and related parts and accessories;
- Inflammable explosives; and
- Certain telecommunication transmitters and receivers.

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 increased gradually from 2005 to 2012, with product categories expanding to include cigarettes, alcohol, motor vehicles, and air conditioners.

In 2012, the Economic Services Bureau issued 6,548 export licences and 32,107 import 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 and implementation of punitive measures regarding intellectual property rights, 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 regulated by the 27 April 1966 Decree-Law No. 46980, published in the Government Gazette on 8 January 1972. Law No. 4/85/M was then promulgated on 25 November 1985 and supplemented by Decree-Law No. 17/98/M promulgated on 4 May 1998. On 16 August 1999 the Copyright and Related Rights Law (Decree-Law No. 43/99/M) was gazetted and came into effect on 1 October of the same 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 in the same year. The amended Copyright and Related Rights 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 2012, the Intellectual Property Department of the Economic Services Bureau accepted 9,581 applications for trademark licences, an increase of 11.54 percent on the 8,590 applications processed in 2011. Applications were mainly from mainland China, the United States, Hong Kong, Macao, Japan and British Virgin Islands. As at 31 December 2012, the Economic Services Bureau had received a cumulative total of 87,336 applications.

## Patent Registration

Since 7 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 extended for five years from 2008.

In 2012, the Economic Services Bureau accepted 239 applications for patent extensions for inventions, 82 patent registration applications, and applications for registration of 167 designs and new products. These applications were mainly from Switzerland, Japan, the United States, Macao and mainland China. As at 31 December 2012, the Economic Services Bureau had received a cumulative total of 966 applications for patent extensions for inventions, 1,309 applications for patents and applications for the registration of 1,033 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.

Under the SME Assistance Programme introduced in May 2003, the Government provided enterprises with interest-free loans to improve business, enhance operating capacity and mitigate impacts from SARS. During the past few years, Macao's economy has grown rapidly. To meet the increasing demands arising from development, in November 2006 the scheme was revised, and the maximum amount of financial aid was increased from 200,000 patacas to 300,000 patacas. Upon a new revision in February 2009, the maximum amount was further increased to 500,000 patacas.

In March 2012, another revision increased the maximum amount to 600,000 patacas. As at the end of December 2012, a total of 7,005 applications had been received, of which 6,223 were approved, involving total financial aid amounting to 1.481 billion patacas (These figures include the financial aid applications by businesses affected by Severe Typhoon Hagupit in 2008). The enterprises that received loans are mainly engaged in retailing, construction and public works, Chinese restaurants and hotels, wholesale, public services, social welfare and private services, as well as real estate and company services.

The SME Credit Assurance 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. From the scheme's commencement to the end of December 2012, the Government received 308 applications, involving a total loan amount of 748 million patacas; of which 295 applicants obtained Government credit guarantees totalling 492 million patacas. Most applicants were from the construction and public works sector, followed by retailing, wholesaling, imports and exports, real estate, company services, textiles, garments and leather manufacturing.

The SME Special Credit Assurance Programme was introduced in August 2003. Its aim is to assist enterprises to carry out special projects. Under the financing scheme, the Government provides banks with a maximum of 100 percent credit guarantee for the eligible enterprises. The maximum credit is one million patacas. Since the scheme's implementation at the end of December 2012, the Government has received 69 applications, involving a total credit guarantee of 55.037 million patacas, of which 56 applicants obtained 100 percent credit guarantees from the Government, with a total value of 45.73 million patacas. Most of the approved enterprises are engaged in retail, followed by wholesale, paper, printing and publishing, imports and exports, textiles, garments and leather manufacturing, restaurants and hotels.

## **Monetary Authority of Macao**

The Monetary Authority of Macao functions as a quasi-central bank and has the power to supervise Macao's financial system. Its predecessor was the Issuing Institute of Macau (Instituto Emissor de Macau) established in 1980 responsible for issuing local currency (i.e., the pataca) and managing government foreign exchange reserves.

In July 1989, the Monetary and Foreign Exchange Authority of Macau was created and assigned clearly defined functions and autonomy in administrative, financial and asset management. The authority also replaced the Issuing Institute of Macau. On 21 February 2000, the authority was renamed the Monetary Authority of Macao (AMCM). Its functions and responsibilities remained unchanged.

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) 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 and the reserve fund. Provided the balance of international payments remains healthy and stable, various investment tools may be used to achieve principal-guaranteed growth. Because part of the foreign currency assets held as foreign exchange reserves was transferred to a newly established fiscal reserve, its year-end balance in 2012 decreased by a significant 51.3 percent over 2011 to 132.5 billion patacas.

## **Fiscal Reserve**

A fiscal reserve was established on 1 January 2012, with the Monetary Authority of Macao responsible for its investments and management. The initial investment period adopts a generally prudent 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 2012, the total asset value of the fiscal reserve was 100.24 billion patacas, an increase of 1.38 billion patacas on the start-up capital.

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 mandated to promote trade and attract foreign investment.

## **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 better service Macao enterprises in mainland China, and to attract mainland China enterprises to invest in Macao, since 2006 IPIM has established liaison offices in Hangzhou, Zhejiang Province; Jieyang, Guangdong Province; Chengdu, Sichuan Province, and Shenyang, Liaoning Province. In 2012, the IPIM officially established a liaison office in Fuzhou, Fujian.

### **Macao Business Support Centre, the SME Service Centre and Macao Ideas**

A subsidiary of IPIM, the Macao Business Support Centre (MBSC) was officially opened on 1 August 2002. The centre provides not only office space in Macao for local and overseas official and semi-official trade promotion organisations and chambers of commerce, but also offices, meeting rooms, small exhibition venues, a library and a computer zone with internet access for enterprises and investors aiming to establish operations in Macao. It also offers comprehensive trade and commercial services to SMEs. These efforts have helped lower start-up costs and risks for enterprises, facilitating their development. The centre also established a long-term office and enquiry booth for chambers and institutions, to provide regional trade consultations and business referral services, increasing the number of channels for exchanges between Macao and foreign businesses.

To implement the Government's policy of strengthening support for SMEs, the Macao Business Support Centre established the SME Service Centre (SMEC) on 23 August 2007. The main function of the centre is to launch various services in support of local SMEs, catering to the different needs of the enterprises in their process of development. These services include support for brand building, one-stop Macao trade consultation, mainland China business operations consultation, convention information and consultation, franchise information and consultation, and providing the latest trade publications; financial incentives for participation in exhibition and trade fairs, promotion incentives in electronic business, and SME promotion scheme. The service centre provides enterprises with facilities and services to help them promote their products and services, find business partners and seek business matching. Since its establishment, the SME Service Centre has held various business and trade activities, such as seminars, business exchanges, and promoting products and services in foreign countries, to help local SMEs to expand their operations.

Macao Ideas, established by the Macao Trade and Investment Promotion Institute (IPIM), is the first merchandise exhibition centre in Macao dedicated to all things "Macao-manufactured", "Macao-branded", "Macao designed" and "Agent for products of Portuguese-speaking countries". The exhibition centre, with several themed exhibition zones, houses over 900 display items. Macao Ideas has on-site staff offering detailed introductions for visitors and provides commercial and trade enquiry services, helping visitors to understand Macao enterprises and products. The exhibition centre also features a MinM sales zone, which promotes made-in-Macao products among visitors.

In 2012, Macao Ideas launched a quarterly magazine – Macao Ideas. Each issue of the magazine, published in printed and electronic versions and also downloadable from the Internet, offers a different theme to introduce the enterprises and products featured in the exhibition centre. The publication effectively promotes and advertises Macao's enterprises, thereby developing overseas markets for local products.

## **Macao International Trade and Investment Fair**

The IPIM has been organising the annual Macao International Trade and Investment Fair (MIF) since 1996. In 2005, MIF became an approved event of the Global Association of the Exhibition Industry (UFI). It was the first Macao event to receive UFI certification. The UFI has also enrolled IPIM as a full member.

The 17th MIF was held with the theme “Cooperation – Key to Business Opportunities” and further fostered economic and trade cooperation among enterprises in Macao, mainland China and Portuguese-speaking countries. The event attracted a total of 103,000 attendees, an increase of 9.23 percent over the previous year. Through the Convention and Exhibition Through-train Service and the Overseas Trade Visitors Incentive Plan, the event received over 6,800 industry professionals and lined up 1,847 business pairings – an increase of 22.9 percent over the previous year. The four-day event resulted in 88 signed contracts, an increase of 8.6 percent over the previous year.

The China (Shenzhen) International Cultural Industries Fair was held at the 17th MIF for the first time as a boutique fair. Moreover, a series of new exhibition content and professional services were in place to emphasise regional cooperation. The event was nine percent larger than in the previous year. There were more than 700 overseas exhibitors and over 1,800 exhibition booths representing more than 60 countries and regions, with Cyprus, Jordan and Madagascar being first-time country exhibitors. The display content was further enriched, indicating more extensive mutual exchanges, as well as a higher degree of internationalisation, professionalism and market focus.

## **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, business negotiations, project matching, promotional activities and publications, helping investors to find an ideal business partner.

The Investment Committee, a liaison engine comprising twelve government departments – IPIM; Lands, Public Works and Transport Bureau; Economic Services Bureau; Labour Affairs Bureau; Macau Productivity and Technology Transfer Centre (CPTTM), Civic and Municipal Affairs Bureau; Financial Services Bureau; Health Bureau; Macao Government Tourist Office, Fire Service, Environmental Protection Bureau and Human Resources Office – helps to offer guidance to investors, and follow 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.

## **Offshore Services**

Macao’s Offshore Law, Decree-Law No. 58/99/M, has been in effect since 1 November 1999. Tax

incentives for operating an offshore service business in Macao include exemption from profit tax, business tax and certain stamp duties. In addition, managers and specialised technicians of the offshore institution who are non-Macao residents and who are authorised to reside in Macao are exempted from personal income tax for the first three years of their employment in the offshore institution.

Offshore institutions are classified into the offshore financial industry (approved and supervised by the Monetary Authority of Macao) and non-financial offshore service industry (approved and supervised by IPIM).

Operations of offshore services in Macao must abide by the following rules: use only non-Macao currency in their transactions and settlements; target only non-Macao residents as customers; and focus only on non-Macao markets.

Offshore businesses are permitted in the following eight categories:

1. IT hardware consultancy;
2. IT consultancy and programming;
3. Data processing;
4. Database-related activities;
5. Administrative and archive/filing support;
6. Research and development;
7. Testing and technical analysis; and
8. Operation and management of ships and aircraft.

## **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**

The Government set up the Preparatory Office for the Traditional Chinese Medical Science and

Technology Industrial Park in July 2010. The Office is responsible for organising and coordinating the initial preparatory efforts of the Industrial Park to be built in the Hengqin New Area. The Industrial Park, a Guangdong-Macao cooperative project, commenced infrastructure construction works on 19 April, 2011. The Macau Investment and Development Limited was established in June 2011 pursuant to Chief Executive Notice No. 17/2011 and By-law No. 14/2011.

The company has a board of shareholders comprising the Financial Services Bureau representing the Government, the Macau Industrial and Commercial Development Fund, and Macao Trade and Investment Promotion Institute (IPIM). With regard to administration and management, the company has a board of five directors. It also has a board of three supervisors.

Both governments have invested to set up the Guangdong-Macao Traditional Chinese Medical Science and Technology Industrial Park Development Company Limited (the “cooperative company”) to implement the development project. The shareholders of the cooperative company are Macau Investment and Development Limited and Zhuhai Da Heng Qin Investment Company Limited.

In 2010, the Government commissioned the Shanghai Innovative Research Center of Traditional Chinese Medicine to compile a design and research report for the Guangdong-Macao Traditional Chinese Medical Science and Technology Industrial Park. Macau Investment and Development Limited also hired Jurong Consultants of Singapore to draft a report outlining the strategic development, feasibility study, review and conceptual layout plan of the Industrial Park. Based on these two reports, Macau Investment and Development Limited compiled a summary report and submitted it to the Government and the Administrative Committee of Hengqin New Area.

In 2012, a delegation from the cooperative company visited a number of industrial parks in Taiwan and Singapore, and in September visited Chinese medicine industrial parks in Shanghai, Suzhou and Taizhou. In November, the cooperative company held the Guangdong-Macao Traditional Chinese Medical Technology Industrial Park Construction Project and City Design International Open Competition, successfully attracting the participation of 16 organisations from seven countries. The three finalists were a Sino-German joint venture, a Singapore company and a U.S. company. The final master design plan is expected to be completed by the first quarter of 2013.

## **Macao Productivity and Technology Transfer Center**

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.

## **Vocational and Professional Training**

The vocational/professional training series provided by the centre can be divided into four categories as follows:



1. Continuing Development Series for Employees;
2. Training Series for the Middle-aged, which helps middle-aged people to renew and improve their vocational skills;
3. Training Series for Adolescents, which inspires adolescents' creativity and vocational interests; and
4. Enterprise and Business Management Series, specially designed for entrepreneurs and business persons.

Training in relation to continuing studies can be categorised as:

1. Training series for adolescents;
2. Training series for the middle-aged;
3. Continuing development series for employees; and
4. Business management series for enterprises.

Programmes include training courses on fashion and innovation, information technology, business language and management.

In 2012, the centre held a total of 1,152 courses (an increase of 28.4 percent over the previous year), comprising 23,853 learning hours (up 25.2 percent). The number of students totalled 24,150 (up 32.9 percent).

## Professional and Open Examinations

The Professional Examination Resources Unit under the centre manages various professional qualification public examinations and provides the public with information about these and other local professional examinations. The unit also serves as the Macao Centre for National Vocational Qualification Assessment. In 2012, a total of 4,216 candidates applied for examinations via the Resources Unit, up by about 19.9 percent over the previous year.

At present, there are four types of public examinations available at the Professional Examination Resources Unit:

1. Information Technology, including professional IT certification offered by Prometric and Pearson VUE (e.g. Cisco/Microsoft network technology certification), Microsoft Office Specialist (MOS), Adobe Certified Associate certification, Chinese input skills appraisal, China Qualification Certificate of Computer and Software Technology Proficiency and Certified Information System Security Professional (CISSP) certification;
2. Commerce and management, including International Standardized Testing Organization (ISTO)'s Tests of Understanding, International Registrar of Certificated Auditors (IRCA)'s Certified Auditor/Lead Auditor examinations, PRINCE2's project management examinations, City & Guilds ILM's management principles examinations and LCCI's business-related qualifications examinations. In 2012 AST&L's Global Logistics Management certification was added to the list;

3. Languages, including LCCI business language examinations, City & Guilds ISESOL conversational skills and EBC English business writing. TOEIC examinations were added in 2012; and
4. Vocational skills, including City & Guilds professional training and appraisals, professional beauty care, makeup and customer service in service industry examinations, and National Vocational Qualification Assessment. The professional nail art certificate examination of the Central TAFE of Australia was added in 2012.

Moreover, the centre also became an official examination centre of the ATA Testing Authority (Beijing) Limited in 2012.

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. As at the end of 2012, at least 141 individuals applied for local vocational skill certificates.

## **Technical Training and Support Services**

The House of Apparel Technology provides technical training and technological support to help the garment industry move towards high added value, brand autonomy and innovation. These training and support services cover mainly CAD/CAM system applications, clothing mould production, digital cloth-printing, computer embroidery model making, and clothing model making, which was added in 2012. There are also fashion information stations to provide manufacturers and designers with up-to-date information on trends in fashion and textiles.

In 2012, the CPTTM continued to run a diploma course in fashion design, with a duration of more than a year, to foster the development of next-generation fashion craftsmen and designers. As regards personal image services, the centre continued to organise courses related to the City & Guilds’ professional beauty and makeup qualification.

In 2012, CPTTM continued to assist fashion designers and students to participate in various design contests and shows, and co-organised the “Casual Wear In Summer, Let’s Conserve Energy Altogether” fashion design competition in tandem with the Office for the Development of the Electricity Sector. CPTTM continued to carry out the MaConsef fashion training programme with a view to fostering all-round skills development among Macao’s fashion design students.

CPTTM also continued to cooperate with IPIM to organise the Macao Fashion Festival 2012 during the staging of the 16th Macao International Trade and Investment Fair, with participation by 40 designers and brands from the mainland, Taiwan, Hong Kong and Macao.

To complement both the adequate economic diversification strategy and cultural and creative industry development promoted by the Government, CPTTM set up the Macao Fashion Gallery at St. Lazarus Parish in July 2012 upon the invitation of the Cultural Institute. The fashion gallery holds on a regular basis various themed fashion shows and activities, and collects cultural and creative products distinctive of Macao’s characteristics for sale. Renowned fashion designers from mainland China, Taiwan, Hong Kong and Macao were invited to join the first fashion show titled

Resurgence of Qipao Fashion Exhibition at the gallery.

To communicate the latest fashion information and technology, CPTTM held five seminars in 2012, attracting more than 300 attendees.

## 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. The services provided in this area include: management system consulting, the assistance scheme for the International Management System Certification/ Laboratory Accreditation, publication of Good Management Series, ISO standards searching and sale services, dissemination of information about new standards, and External Testing Relay Service.

In 2012, a total of 63 cases were resolved via management system consulting services. There were 17 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 2012, a total of 197 applications were awarded certification, involving construction and building, property/facility management, manufacturing, public utilities, non-profit groups and other service sectors. In addition, the number of test categories under the External Testing Relay Service increased to five, namely textiles and garment, electronic/electrical appliances, other furniture, food items, and the pharmaceutical category newly introduced in 2012. A total of 1,802 applications were filed during the year.

In 2012, a briefing session cum workshop under the Campus Food Safety Management Promotion Programme was organised, commissioned by the Education and Youth Affairs Bureau. Moreover, CPPTM produced the Guidebook for Green School Environmental Management in Macao, commissioned by the Environmental Protection Bureau.

To increase the understanding of management development trends in various industries, CPPTM co-organised three seminars on green management and food safety management, with support from relevant organisations. Over 270 industry professionals attended the seminars.

To promote environmental protection and sustainability, CPPTM continued to help local organisations to implement the ISO 14001 environmental management system, as well as living out green management and increasing understanding of corporate social responsibility. Moreover, the Sixth Children's Environmental Protection Movement – Young Green Pioneers training programme was successfully concluded. In the 2011-2012 academic year, 777 students from 11 primary schools participated in the programme.

## Application of Information Technology

CPTTM Cyber-Lab is committed to assisting SMEs to adopt information technology. As well as information system application support services, the Cyber-Lab also strongly promotes the application of freeware, by its launch of the SQL-Ledger accounting software and EIMS-employee information management system, together with support services, in 2006 and 2011 respectively.

In 2012, CPTTM issued a total of 184 SQL-Ledger software packages and served 104 training workshop participants. During the same period, a total of 130 EIMS-employee information management systems were issued and 59 training workshop participants served.

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

To encourage Macao's enterprises and organisations to exchange and cooperate with foreign countries on technology, CPTTM continued to organise exhibitor groups to participate in the China High-Tech Fair in 2012, in which 11 Macao enterprises and organisations participated. Moreover, CPTTM also continued to organise exhibitor groups jointly with the Macao Trade and Investment Promotion Institute to join the China Cross-Strait Technology and Projects Fair. A total of 20 Macao enterprises participated in the fair, mainly from the environmental protection, technology and IT sectors.

One of the long-term functions of CPTTM is to provide SMEs with various support services. In 2012, it received a total of 35 requests for assistance mainly of four types: 1) promotion of technology or products; 2) advice on business operations and management; 3) enquiries about local investment environment and policy; and 4) assistance in finding business partners.

The business consultancy service conducted in Portuguese provided by CPTTM mainly assists enterprises, community groups and individuals in dealing with difficulties in using Portuguese. In 2012, a total of 20 cases were completed.

## **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 Macau, 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 Macau 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 and Macao enterprises.

## **Euro-Info Centre, Macau (EIC-Macau)**

Established in 1992 following a proposal by the Macau Government and endorsement by the European Commission, EIC-Macau is a relay office of the SME and Investment Promotion Institute. It is also the first European information centre ever established in Asia. At present, EIC-Macau is jointly managed by the Institute of European Studies of Macau; Banco Nacional Ultramarino, Macau; the Macao Trade and Investment Promotion Institute; and the SME and Investment Promotion Institute. The main missions of EIC-Macau are:

- To act as an interface between Macao SMEs and European Union (EU) institutions;

- To help enterprises profit from opportunities in Europe;
- To provide enterprises with information on the EU;
- To provide advice and guidelines on connections between enterprises and the EU;
- To assist enterprises by allowing them to benefit from EIC-Macau's close contacts with other Euro-Info Centres and links with the European Commission; and
- To promote information exchange, business, trade and cooperation among enterprises in the EU, Macao, the mainland, and other Asian countries and regions.

## **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.

Following the Handover, the Government proposed the establishment of Macao-Zhuhai Cross-border Industrial Zone for the benefit of all parties, adequate industrial diversification, and the creation of employment opportunities. On 5 December 2003, the Central People's Government approved the establishment of Zhuhai-Macao Cross-border Industrial Zone, in which Zhuhai will take up 290,000 square metres of land, and Macao will take up 110,000 square metres of land from reclamation in Ilha Verde.

To better utilise existing resources, in June 2004 the Government restructured Concordia Industrial Park Company (SPIC) to form Macao Industrial Parks Development Company. The expanded functions of the new company are: to develop and manage the land in the MSAR zoned for industrial development and for the relevant auxiliary industry development, including 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.

All the enterprises in Concordia Industrial Park and the Macao park of the Zhuhai-Macao Cross-border Industrial Zone have been granted multiple investment incentives.

## **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, as well as employers who are hiring workers. It also handles applications for

business licences by employment agencies, providing advice and analysis.

In 2012, the department continued to provide registration, matching and employment follow-up services for the Graduate Mainland Internship Scheme. It also maintained close communication and cooperation with organisations representing employers and employees, providing matching placement services for both parties. As the Cotai Strip construction project entered its fifth and sixth stages, and Studio City and Galaxy Mega Resort Phase 2 commenced recruitment, the department met with relevant organisations and businesses to review such recruitment activities and follow up on the employment status of job seekers. It also participated in monitoring the recruitment activities of various large corporations and public construction projects, mainly relating to construction, catering, gaming and transportation. A total of 2,048 job seekers found employment in these projects. The department also helped to review and amend the law governing employment agencies.

In 2012, the department registered 7,975 job seekers, among whom 62 who were disabled received employment matching services from a dedicated task force under the department. A total of 265,226 job vacancies were registered with the department during the year. Based on the recruitment requirements of each vacancy, the department provided the personal profile of recommended job seekers to employers in more than 43,969 cases. In this way, the department successfully arranged 5,194 employment interviews, and placed 1,189 job seekers (50 of whom were physically disadvantaged) in new positions involving 87 different types of occupation.

In 2012, the department issued 3,517 unemployment subsidy certificates, three proposals regarding subsidised jobs for the unemployed, and one proposal regarding subsidies for young first-time job seekers.

The department received 186 applications for employment agency business licences during the year, including 18 new applications, 110 renewals, 43 applications for changing the particulars of existing licences, six cancellations and nine renewals with changes in the particulars of existing licenses.

## **Vocational Training**

The Vocational Training Centre provides various kinds of vocational training to citizens, aiming to enhance skills among local workers. In addition, it strived to promote technological cooperation and information exchange 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 mobility of the labour force.

In 2012, the Vocational Training Centre provided training to 11,487 people in a wide range of courses that emphasised practicality and an objective-oriented approach, in order to increase the choices available to the public, as well as to train and reserve talent for every industry in Macao.

### Statistics on Vocational Training Centre Students 2012

| Training system       | Training mode   | Target participants  | Number of courses | Number of students | Number of students who completed the course | Rate of successful employment one month after course completion | Remark  |
|-----------------------|---|--|-------------------|--------------------|---|---|---|
| Occupational training | Apprentice training (2-year full-time)                        | F. 3 graduate or above aged 14-24  | 3                 | 152                | 34  | 85.3%   |   |
|                       | Training for professional qualification (half-year full-time) | Aged 15 or completed lower secondary school education  | 1                 | 20                 | 9   | 22.2%   |   |
|                       | Training for technician trainees (1-year full-time)           | Completed second year of senior secondary education with certified qualification or work experience in electronics, electrical, electrical and mechanical and electrical engineering | 2                 | 39                 | 19  | 84.2%   | (One of the courses completed in September 2012)              |
|                       | Graduate Mainland Internship Scheme                           | Tertiary graduates   |                   | 61                 | 40  |   | 1 student quit, while 20 students are still on the internship |
| Continuous training   | Industry-specific development training                        | Raise the level of professionalism of industry professionals   | 104               | 2,298              |   |   |   |



(Cont.)

## Statistics on Vocational Training Centre Students 2012

| Training system     | Training mode                                  | Target participants   | Number of courses | Number of students | Number of students who completed the course | Rate of successful employment one month after course completion | Remark |
|---------------------|--|---|-------------------|--------------------|---|---|--------|
| Continuous training | Second-skill training                          | To develop occupational skills outside one's own occupation so as to increase choices and chances of employment   | 68                | 1,524              |   |   |        |
|                     | Employment training for the middle-aged        | For the middle-aged and those with a low level of education or difficulties in finding a job to enhance occupational skills through training                            | 213               | 6,329              |   |   |        |
|                     | 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 | 17                | 396                |   |   |        |
|                     | Vocational skills pre-examination study course | For those who have signed up for vocational skills assessment   | 32                | 668                |   |   |        |
|                     | <b>Total</b>                                   |   |                   | <b>11,487</b>      |   |   |        |

## Skills Evaluation

In 2012, the Labour Affairs Bureau issued a total of 763 vocational skill certificates of various kinds. Among the recipients, 36.8 percent were in the engineering and maintenance industry, 18.6 percent were in the building industry, 17.7 percent in the floral industry and 14.2 percent in the hotel and catering industry.

With regard to Guangdong-Macao vocational skill development and cooperation, the two regions conducted a series of meetings on the implementation of “One Examination, Three Accreditations”, and came to agreement on the classification of the vocational skill assessment of facility management occupation into three skill levels, namely assistant facility management officer, facility management officer and senior facility management officer”. They also agreed to implement the “One Examination, Two Accreditations” programme for assistant facility management officer, and the “One Examination, Three Accreditations” for the senior facility management officer.

Moreover, three electrician-trainers from the Labour Affairs Bureau passed the examination and became qualified assessors in China national examinations for professional qualifications (maintenance electrician). The Bureau also held training workshops for senior maintenance electrician assessors and on electronic skills for electricians in Macao, enabling local assessors to learn about the overall operations of senior maintenance electrician skill national assessment, as well as the skills of matching assessment equipment to particular assessments.

## Vocational Skill Competitions

The Labour Affairs Bureau fosters vocational skill development and interest skills training among the young people by participating in or organising vocational skill competitions. Also it further enhanced exchange 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 skill training in Macao.

In November 2012, the Labour Affairs Bureau led a delegation to participate in the Seventh Guangzhou/Hong Kong/Macao/Chengdu Youth Skills Competition 2012, with the aim to allow young people in the Mainland, Taiwan, Hong Kong and Macao to learn from each other through exchange, thereby improving their vocational skills and promoting cooperation and development in the area of vocational training. The competition included five contests, namely smart home appliance installation, shop window decoration and demonstration, mechatronic engineering, web page design and catering services. Contestants from Macao won two first-runner-up and one second-runner-up prizes in the first three contests.

## Labour Regulations

The Labour Relations Law (Law No. 7/2008) is the legal basis of industrial relations. It defines the rules and regulations on working hours, working at night and on shifts, weekly rest days, mandatory holidays, annual leave, absence from work, maternity leave, remunerations, termination of employment, contract types, administrative infractions, and procedures and penalties for minor contraventions. The law further protects and balances the legal interests and rights of employers

and employees alike. Law No. 21/2009, the Law on Employment of Non-Resident Workers, and its relevant supplementary rules further implemented the Framework Law on Employment Policy and Workers' Rights, reaffirming 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.

In view of the characteristics of Macao's industries and social needs, the Labour Affairs Bureau studied several laws concerning labour relations, including the System of Part-time Work, Workplace Sub-contract Management System and Maritime Labour Convention, as well as Decree Law No. 40/95/M, Employees' Compensation Insurance Ordinance, and Decree Law No. 32/94/M, System for Approvals of Recruitment Agency Licences.

## Labour Relations

The Labour Inspection Department under the Labour Affairs Bureau provides consultancy services on labour regulations to local citizens free of charge, accepts and mediates in labour-relations or work accident disputes, and monitors enterprises' compliance with labour regulations. To effectively 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 2012, the Labour Inspection Department provided 5,251 consultations about labour regulations to enquirers visiting the office. Among the individuals who sought assistance, 76.8 percent were employees and 23.4 percent were employers. Most enquiries were from the community, social and individual services in terms of industry, as well as from families hiring domestic helpers. Topics of consultation were mainly dismissal compensation, prior notice period and annual leaves, which accounted for 14.3 percent, 12.4 percent and 10.4 percent of all enquires. There were 38,247 enquiries via telephone.

A total of 2,016 complaints from 3,907 employee enquiries were handled, 25.3 percent fewer than in 2011. Most involved wages (16.3 percent), overtime compensation (11.5 percent) and weekly leave (8.6 percent). By industry, most complainants were from construction, followed by group, social and individual services, each accounting for 28.9 percent, and accommodation, western and Chinese restaurants and establishments of similar nature (19.7 percent).

The 8,363 complaints settled in 2012 involved 9,020 employee enquiries and 3,009 workplaces; 619 transcripts were prepared. Among the identified illegalities concerning employment disputes, 1,433 cases involved creditor's rights – mainly regarding wages, reduction of basic remuneration and suspension of work. Of all breaches of law, 1.2 percent were cases in which the employer paid the employee's claim without resorting to compiling transcripts of evidence; the remaining cases were resolved through the compilation of evidence transcripts or litigation in court.

Creditors' rights arising from employment disputes, industrial accidents and occupational diseases totalled 55.64 million patacas, involving 6,293 employees. Industrial accidents, wage compensation and reduction of basic remuneration accounted for 60.0 percent, 15.8 percent and 7.0 percent of these cases, respectively.

In 2012 the Labour Inspection Department received notifications of 87 cases of agreement on lowering basic remuneration, involving 292 local employees, and seven non-resident employees. After investigations, one case was filed as alleged contravention of the Labour Relations Law, involving one person.

The Labour Inspection Department received 233 copies of employment contracts for the under-aged, involving 838 individuals aged over 16 but below 18, and six aged over 14 but below 16. After verification, 31 cases were filed as alleged contraventions against the Labour Relations Law, involving 59 persons.

In its efforts to combat illegal employment, the Labour Affairs Bureau filed 709 cases of illegal employment, in accordance with the Regulation on the Prohibition of Illegal Employment and the Law on Employment of Non-resident Workers and its relevant supplementary laws. After investigation, 743 offenders were penalised for breaches of the law, with fines imposed totalling 8.24 million patacas. In these cases, 264 non-local residents were found working for others in the MSAR without permits. Also, 171 non-local residents were found to be engaged in activities for their own benefit. Individuals in the two groups were fined a total of 5.64 million patacas.

Under the Law on Employment of Non-resident Workers and rules related to non-resident worker accommodation rights stipulated in Executive Order No. 88/2010, 27 cases regarding the accommodation rights of non-resident workers were initiated and 40 inspections were carried out in 2012.

## Occupational Safety and Health

Site inspections, investigations and relevant actions undertaken by the Occupational Safety and Health Department in 2012:

| Unit in charge                            | Site inspection item                 | Inspection target                | Number of inspections | Number of suggested improvements | Other actions  |
|---|--------------------------------------|----------------------------------|-----------------------|----------------------------------|--|
| Occupational Safety and Health Department | Routine safety and health inspection | Construction sites (1,435 sites) | 7,105                 | 2,961                            | <ul style="list-style-type: none"> <li>• 48 penalties issued against 35 construction sites for minor contraventions; total fines: 187,000 patacas;</li> <li>• Handled one case of administrative infraction;</li> <li>• In one case it was ordered that work be suspended due to high risk in the workplace</li> </ul> |

(Cont.)

| Unit in charge                            | Site inspection item   | Inspection target   | Number of inspections | Number of suggested improvements | Other actions |
|---|--|---|-----------------------|----------------------------------|---------------|
| Occupational Safety and Health Department | Safety inspection jointly conducted with other departments   | 154 enterprises   | 216                   | 228                              |               |
| Workplace Hygiene Laboratory              | Assessment of hazardous elements, including lighting, heating, workplace noise levels, and organic solvents (including building exterior cleaning) | 52 hotels (Inspection and re-inspection)  |                       | 132                              |               |
|   |  | 16 catering venues (site inspection and re-inspection)  |                       | 59                               |               |
|   |  | Industrial laundries, department stores, food processing factories and fuel suppliers (re-inspection) | 24                    |                                  |               |
| Occupational Health Clinics               | Occupational health medical check-up   |   | 4,583                 | 7,312                            |               |
|   | 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  |                       |                                  |               |
|   | Occupational health inspection at workplace  |   | 175                   | 192                              |               |

(Cont.)

| Unit in charge              | Site inspection item  | Inspection target | Number of inspections | Number of suggested improvements | Other actions |
|-----------------------------|---|-------------------|-----------------------|----------------------------------|---------------|
| Occupational Health Clinics | Medical check-up for student applicants of vocational skills courses organised by the Labour Affairs Bureau |                   | 1,443                 | 159                              |               |

Occupational safety and health training in 2012:

| Course/activity  | Number of classes | Number of participants | Number and types of certificates awarded                        |
|--|-------------------|------------------------|---|
| Occupational safety and health seminar   |                   | 4,509                  |   |
| Occupational safety and health training module   | 35                |                        | 880 (certificate of competency)                                 |
| Temporary anchor devices courses   | 1                 |                        | 20 (certificate of competency)                                  |
| Construction industry occupational safety cards training courses                             | 818               |                        | 8,669 (construction industry occupational safety cards)         |
| Construction industry occupational safety cards refresher courses                            | 424               |                        | 4,454 (renewed construction industry occupational safety cards) |
| Construction safety supervisor certificate courses (in cooperation with University of Macao) | 3                 |                        | 105 (construction safety supervisor certificate)                |

Occupational safety and health promotional activities in 2012:

| Activity  | Number of participants | Number of participating individuals |  |
|---|------------------------|-------------------------------------|--|
| Occupational safety and health promotional activities | 15 construction sites  | 834                                 |  |
|   | 23 hotels              | 1,291                               |  |
| Safety shoes promotion                                | 30 enterprises         | 215                                 |  |

(Cont.)

| Activity                                       | Number of participants                            | Number of participating individuals |  |
|--|---|-------------------------------------|--|
| First-aid kit promotion                        | 62 enterprises                                    |                                     |  |
| Temporary anchor devices promotion             | 2 enterprises                                     |                                     |  |
| Construction Industry Safety Award Scheme      | 31 construction companies (19 construction sites) |                                     | 19 construction companies and 23 industry professionals received award |
| Occupational safety and health charter signing | 9 local Macao enterprises                         |                                     |  |

## Human Resources Office

The Human Resources Office (HRO) was established under Executive Order No. 116/2007. Its main duties are:

- To collect and analyse all information related to the local labour market and its changes. The administration will rely on this information when making decisions on matters that concern the employment of non-resident employees;
- To recommend measures on the employment of non-resident employees, for consideration by senior officials;
- To accept applications for the employment of non-resident employees, and to compile these applications into dossiers;
- To work with other public departments to jointly enforce laws related to the employment of non-resident employees; and
- To enforce labour laws and implement related policies with the Labour Affairs Bureau.

## Employment of Non-resident Employees

The Government imports non-resident labour on the main premise that the employment and labour rights of local employees are not harmed. As such, the employment of non-resident employees is merely a measure to overcome local manpower shortages, whilst ensuring the continuous and stable development of Macao's economy. Since its establishment on 28 May 2007, the HRO has rigorously analysed each application to take on non-resident employees. During 2012, it received 37,591 applications for work permits for professionals, non-professionals, domestic helpers, non-resident workers and activities for personal interest, including importation of non-resident employees, renewal of permits, transfer of employees, statements of objection, and petitions.



Of these applications, 15,368 were for non-professional employees, 3,732 were for professional employees and 18,451 were for domestic helpers. Also, there were 40 applications for work permits to engage in activities for the applicants' personal interest. At the end of 2012, there were 110,552 employees with non-resident ID cards in Macao.

## Consumer Council

The Consumer Council 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 the Consumer Protection Bureau of Portugal, the Instituto Nacional del Consumo (National Consumer Institute) of Spain, the Consumers Association of Singapore, and Consumers' Foundation, Chinese Taipei (CFCT). It also formed an alliance network with consumer protection units in the "9 +2" PPRD region. In October 2009, the Consumer Council announced a declaration of cooperation together with 22 consumer protection agencies in Hong Kong and a number of cities in mainland China, to establish the Urban Alliance for the Protection of Consumer Rights. For over ten years, the council has been a signatory to cooperation agreements regarding the protection of consumers' rights, along with 42 mainland, Hong Kong and Taiwan consumer protection units, including the Guangdong Consumer Council, Shandong Provincial Consumers Association, Fujian Province Commission of Consumers, Beijing Consumers Association, Shanghai Commission for the Protection of Consumers' Rights and Interests, Chongqing Commission for the Protection of Consumers' Rights and Interests, Zhejiang Provincial Consumers Association, Tianjin Consumers Association, Zhuhai Municipal Consumer Council and Shenzhen Consumer Council. In these networks, the signatories exchange relevant information and undertake various cooperative programmes.

## Reception Services

At the end of 2011, the Consumer Council moved its Iao Hon Office to the Government Integrated Service Centre in Areia Preta. In March 2013, the Consumer Council moved its head office to 3rd-5th floors, Clementina A. L. Ho Building, No. 26 Avenida de Horta e Costa. In addition, consumers can file complaints and submit enquiries to the Consumer Council via e-mail.

## 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.

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

By 2012, 1,261 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**

Under Law No. 12/88/M, any person who accepts products and services for private use from individuals or groups of a business nature who engage in business activities is regarded 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.

## **Complaints**

In 2012, the Consumer Council received 1,609 complaints and 5,520 enquiries. The number of cases handled totalled 7,222, including 93 suggestions. The complaints mainly concerned telecommunications services, the quality, maintenance and sales method of communications equipment, and disputes arising from food and beverage sales methods.

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 nearly 7,200 complaints and enquiries received in 2012, about 12 percent were made by tourists.

## **Yearly Quality Mark of “Certified Shops”**

On 15 March 2001, the Consumer Council introduced the “Certified Shop” quality mark to the general public. To boost wider acceptance of this mark, enhance protection of consumers' rights in Macao and promote “good faith tourism”, since 2007 it has been jointly issued by the Consumer Council and the Chamber of Tourism of the All-China Federation of Industry and Commerce (ACFIC).

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. This mechanism encourages shops to maintain a good reputation and respect consumers' rights. As at the end of 2012, the Consumer Council had issued the “Certified Shop 2013” emblem to nearly 1,045 establishments.

To reinforce the regulations concerning Certified Shops and to provide consumers with better

protection, the council has requested 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 formulated a code of practice for each industry sector in keeping with social developments. At present, 15 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, communication equipment, computer products, birds' nest products, electrical appliances, eyewear and furniture retailing – have implemented these codes of practice. These codes set stricter standards for the operation of Certified Shops. 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 the Government body responsible for the orientation, coordination, implementation and supervision of Macao's statistical activities. It enjoys autonomous in all technical matters.

### Production of Official Statistics

According to Decree-Law No. 62/96/M promulgated on 14 October 1996, all statistical information compiled by Government statistical agencies is regarded as official. The DSEC is responsible for producing demographic, economic, social and environmental statistics. On the other hand, the Monetary Authority of Macao compiles financial, currency, foreign exchange and insurance sector statistics.

The DSEC compiles a range of official statistics based on data collected through censuses and statistical surveys, and on administrative information provided by various departments. The statistical information is an important reference for the Government in formulating policies, for investors making business decisions, and for academics conducting research.

Particularly noteworthy among the Statistics and Census Service's regular statistical operations are the Population and Housing Census conducted every 10 years, and the By-Census and Household Expenditure Survey conducted every five years. In addition, it conducts the annual Construction Survey; Industry Survey; Hotel Industry Survey; Food and Beverage Survey; Service Sector Survey; Transport, Warehousing and Communications Survey; and Wholesale and Retail Trade Survey.

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

The Gross Domestic Product value and the Gross Domestic Income reflecting the macro economic conditions of Macao are also compiled by the DSEC, by integrating and analysing Macao's economic, social and public financial statistics.

## **Dissemination of Statistical Information**

The DSEC publishes essential statistical data that is of public interest via various media. More detailed information is then available to users via a website and in publications. 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.

## **Announcement of results of the 2011 Population Census and the Geographic Information System (GIS)**

In April 2012, the Government released the results of 2011 Population Census containing detailed analysis of changes in the demographic characteristics over the past decade. Meanwhile, the Geographic Information System (GIS) of the 2011 Population Census is readily accessible at the DSEC website. To further enhance effective application of data from the population census, the system allows users to search for demographic characteristics and distribution within 23 statistical criteria, including gender, age group, population density and household.

## **Projected Population of Macao 2011-2036**

The DSEC released its Projection of Population of Macao 2011-2036 report in October 2012, projecting the population of Macao over the coming 25 years. The method of population poly-factor compounding projection was adopted to project future population size and composition. Population projection provides an important basis for policymaking in areas such as education, healthcare and housing, as well as for investment decision-making in the industrial and commercial sectors and for academic studies.

## **2012/2013 Household Budget Survey**

Every five years the DSEC conducts the Household Budget Survey to collect detailed income and expenditure information about local households. To ensure the full representation of consumption patterns across different seasons, information gathering work by the DSEC started in September 2012, and lasted a year, until September 2013. The results of the survey will be used to update the Consumer Price Index in terms of commodity and service types, expenditure weights and the period base, revising the private consumption expenditure estimation, and compiling indicators of income distribution.

## **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, on the foundation of the Preparatory Office for China–Portuguese Speaking Countries Economic and Trade Co-operation Forum, established in 2003. It focuses on providing administrative and resources support to the secretariat, which promotes the development of economic and trade relationships between China and Portuguese-speaking countries, based on Macao's role as an economic and trade services platform. Since its establishment, the supporting office has diligently assisted the work of the Permanent Secretariat, particularly in promoting mutual visits between the senior officials of China (including Macao) and Portuguese-speaking countries, initiating joint development of human resources, facilitating economic and trade investments, exploring new areas of cooperation, and demonstrating the role of Macao as a commercial and trade services platform.

In 2012, the supporting office worked in tandem with the Permanent Secretariat to continue to follow up on the post-meeting stage of the first, second and third Ministerial Conference of the Forum for Economic and Trade Cooperation Between China and Portuguese-speaking Countries, pressing forward development in various areas and fully demonstrating the service platform function of Macao.

## Financial Intelligence Office

In response to trends in international developments, on 29 July 2006 the Chief Executive issued Order No. 227/2006 to establish the Financial Intelligence Office.

The Financial Intelligence Office is an independent department, 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 2012, it received more than 1,800 reports. After analysing and processing them, the office reported some of the cases to the Public Prosecutions Office. Most of the entities that submitted those reports were in the finance sector or the gaming sector, while some were in the real estate or the retail sectors. This indicated that, over time, the Financial Intelligence Office's efforts to educate the general public had proven effective.

Macao is a member of the Asia-Pacific Group on Money Laundering (APG), which conducted a comprehensive assessment on Macao's progress in 2006. After thorough examinations, the APG approved the evaluation report on Macao in 2007, and found the SAR's performance in combating money laundering satisfactory, an encouraging assessment. In 2012, the Financial Intelligence Office continued to closely follow up with various Government departments regarding progress with implementing the report's recommendations, and reported to the APG regarding the latest situation. Also, the Financial Intelligence Office and various regulatory authorities discussed how to revise the laws and rules against money laundering and terrorism financing to meet international requirements. It also made recommendations to the Government on ways to improve the legal system concerning money laundering and terrorism-financing.

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, the Gaming Inspection and Coordination Bureau, the Economic Services Bureau, the

Financial Services Bureau and the Macao Trade and Investment Promotion Institute. The Financial Intelligence Office stipulated guidelines for industries being monitored, compiled regular reports from information on suspicious transactions, and provided various monitoring authorities with information on trends in reports of suspicious transactions and characteristics of these cases.

In the area of international cooperation, the Financial Intelligence Office joined the Egmont Group in May 2009, and with the group as a platform it looked towards promoting connection and collaboration with even more countries and regions. It also signed memorandums on cooperation with the financial intelligence bodies of 11 countries and regions: mainland China, Portugal, Hong Kong, Korea, Indonesia, the Philippines, Malaysia, Japan, Thailand, Singapore and Fiji. 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 2011, the council held eight meetings: two plenary meetings and six executive committee meetings.



## Fashion Show

Fashion Design and Production is one of the major training programmes developed and promoted by the Macau Productivity and Technology Transfer Center (CPTTM), and aims to cultivate new generations of fashion designers. In October 2012, the CPTTM again joined hands with the Macao Trade and Investment Promotion Institute (IPIM) in organising the Macao Fashion Festival 2012. The event showcases masterpieces by local and overseas fashion designers as well as award-winning works by training programme graduates, and promotes the development of Macao's fashion design and garment industry.

(Photos: CPTTM)







