

## Scientific Planning for Development of Industries and Progressive Advancement of Economic Diversity



In 2016, Macao's economy was still undergoing correction. The annual GDP stood at 358.2 billion patacas, representing a real decrease of 2.1 percent. The decline in GDP was narrower compared with the previous year. The first half of 2016 saw a negative growth of 9.7 percent while the second half of the year saw a positive growth of 5.7 percent, reversing the downward trend. The employment situation remained sound, while fiscal and financial conditions remained solid.

In 2015, the Government began formulating the Statistical Benchmark System for Measuring Progress with Macao's Adequate Economic Diversification. After nearly two years of fundamental research, project adjustment, information collection and consolidation, the Report on the Analysis of the Statistical Benchmark System for Measuring Progress with Macao's Adequate Economic Diversification 2015 was published in late 2016. We expect to illustrate Macao's economic diversification through different types of data, thereby enabling scientific measurement and planning for future development.

In 2016, the convention and exhibition industry developed steadily, with conventions as the priority. The Government succeeded in hosting several large-scale exhibitions in Macao. The benefits of conventions and exhibitions further spread to the community, and the professional level and effectiveness of renowned conventions and exhibitions continued to rise. The Government supported the industry with organising overseas convention and exhibition events, emphasising its features as the platform between China and Portuguese-speaking countries. To conduct more scientific analysis

of the current situation with the development of Macao's convention and exhibition industry, and to provide more effective policy measures for its future development, the Government began the Study on Development Blueprint of Macao's Convention and Exhibition Industry in the second quarter of 2016. The amendment to the External Trade Law was completed and the A.T.A. Carnet was introduced, thereby creating a favourable business environment for Macao's convention and exhibition industry and modern logistics industry.

E-commerce, the cultural and creative industry and the traditional Chinese medicine industry grew steadily. In 2016, the Government introduced new incentives for promotion of e-commerce (application of B2C platform), as well as an additional subsidy item for mobile applications under the website development subsidy scheme for small and medium-sized enterprises (SMEs). With support from the interdepartmental task force, local and mainland China payment institutions joined hands to launch new online and offline payment services. In July, approval was granted for the establishment of a new financial institution for provision of internet and mobile payment services.

Regarding the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park, some of the projects in the joint office zone within the park had already commenced operation, while others were conducting preparatory work. Starting with Mozambique, the industrial park initiated cooperation with Portuguese-speaking countries, and adopted products that are intended to be developed in the park as the first batch of trial products, while preparations are made for initial product registrations. The Liaison Office of the Appraisal and Certification Centre under Guangdong Food and Drug Administration, and the International Traditional Chinese Medicine Industrialization Base of the China Technology Exchange, established their offices in the industrial park. This created professional and branding advantages for the development of projects in the park, while also helping to attract enterprises to the park.

Also, the park signed the Framework Agreement on Cooperation between Guangdong and Macao in the Traditional Chinese Medicine Industry with Guangdong's representative of the taskforce on cooperation in the Chinese medicine industry in Guangdong and Macao, in order to facilitate regional cooperation, and further promote the State Renowned Veteran Chinese Medical Practitioner Heritage Workshop.

The Government actively explored the development of specialised financial services as an emerging industry, and established a task force to coordinate its development in various aspects, including taxation, laws and regulations, regulatory mode, talent cultivation and solicitation of investments. Particular emphasis was placed on lease financing, wealth management and financial services related to cooperation between China and Portuguese-speaking countries. Studies of specialised financial services were conducted, to promote Macao's position as the financial services platform for business and trade cooperation between China and Portuguese-speaking countries. The Macao Renminbi Real Time Gross Settlement System was officially launched. This would be conducive to establishing Macao as an RMB clearance platform between China and Portuguese-speaking countries.

The Portuguese-speaking Countries Food Products Promotion Platform gradually came into operation, with the Portuguese-speaking countries Food Products Exhibition Centre in Macao opening in March 2016. The Macao Trade and Investment Promotion Institute set up exhibition areas for mainland China and Portuguese-speaking countries food products in its liaison office in

Fuzhou and representative office in Guangzhou. The Government continued to enrich the contents and functions of the China and Portuguese-speaking countries trade and economic cooperation and talent information website.

## **Assisting Enterprises with Improving Quality and Innovation Supporting Young Entrepreneurs and Securing Employment**

In 2016, the Government continued to optimise various support schemes for SMEs. It facilitated the establishment of the Procurement Partnership Scheme for Local SMEs, by bringing together all gaming enterprises and local commercial and industrial associations, spanning over 15,000 products and 400 services. A website on SME's business operations was set up, to consolidate procurement information. Government departments prioritised local products or services during procurement.

Starting in November 2015, the Government has worked with five commercial and industrial associations to provide advisory and document collection services, with the number of collection points in Macao increasing to 10 at present. The Government also launched an upgraded version of "Services on the Doorstep", and deployed "Enterprise Liaison Officers" in collaboration with representatives of local commercial and industrial associations. In this way, the Government is taking the initiative to arrange regular visits to SMEs, for introducing support schemes that provide them with diverse, convenient services and help them solve business problems. The SME Credit Guarantee Scheme was amended, to increase the credit guarantee from five million patacas to seven million patacas, and to offer secondary aid to enterprises that have already repaid their loans under the SME Assistance Programme. The Government adopted a practical approach in fostering the development of the community economy, by supporting the organisation of events that stimulate local community consumption, and enhancing the study on the development of the local community economy.

The Government introduced diverse measures and services to help young people start their own businesses. In 2016, the Government continued to implement and optimise the Young Entrepreneurs Aid Scheme, by expanding its coverage and streamlining the application procedures and formalities. The Government closely tracked enterprises run by young entrepreneurs, and consolidated experiences and effectiveness of the measures. The Government organised a team of professional consultants, to analyse enterprises with business difficulties, and to help them improve their ability to operate sustainably. The Economic Services Bureau, Education and Youth Affairs Bureau and Organising Committee on Innovation and Development of Young Entrepreneurs cooperated in launching the Innovation Development Scheme for Young Entrepreneurs, to identify quality concepts for business start-ups by young people, and to provide assistance in business incubation, in order to fully utilise the functions of the Young Entrepreneur Incubation Centre.

To support young people in innovation and business start-ups through regional cooperation, the Economic Services Bureau and the Young Entrepreneur Incubation Centre of Nansha (Guangzhou) signed a cooperation agreement to provide young Macao people with information on business environments, facilities and preferential policies. Enterprises run by young people were introduced into the centre for incubation, while support would be given to people from the above-mentioned regions and other provinces and cities in mainland China to start their business and investments in

Macao, as well as to collaborate with young entrepreneurs in Macao.

Several training programmes were organised. For the first time, the Government worked with labour organisations and gaming enterprises to organise the Gaming Industry Vocational Capability Training Programme. This provides on-the-job paid training for gaming industry employees, to raise their overall capabilities and promote vertical and horizontal mobility. The Facility Maintenance Technical Training Programme was also organised, to provide on-the-job paid training in multiple skills for repair workers who were lower ranking, newly recruited or wished to change job, and to encourage them to obtain certification of their skills. In the first half of 2016, six enterprises of different types participated in these programmes, and through them 90 people successfully entered the industry through referrals, and about 90 people changed jobs and joined the field.

We continued to enhance cooperation with mainland China and overseas institutions in establishing vocational examinations and professional accreditation. Also, to support employment of the elderly and the underprivileged, the Government completed the draft bill of relevant laws and by-laws, and studied the provision of tax concessions to employers who hire people with disabilities. We also offered subsidies to full-time low income employees holding valid Disability Assessment Cards issued by the Social Welfare Bureau.

### **Tightening Regulation of Gaming Promoters and Encouraging Investments in Non-gaming Elements**

In the second half of 2016, the gaming industry in Macao experienced a rebound; though the annual revenue from gaming totalled 223.2 billion patacas, representing a decrease of 3.3 percent compared to 2015. During a time of correction for the gaming industry, the Government facilitated and encouraged the industry to continuously increase input of non-gaming elements, give priority to procuring local products and services, and solicit local enterprises to operate their business in its venues, to promote the development of local enterprises. Also, the Government optimised the data collection and statistical approach, to enable a more comprehensive assessment of how the gaming industry gave momentum to and benefited local enterprises.

The Government published the interim evaluation report on the gaming industry, which would help gaming enterprises gain a more in-depth understanding of their own and the entire industry's business conditions and competitiveness, so they could focus on developing non-gaming elements with more resources and enhanced training for local staff.

The administration of gaming promoters was further tightened through various measures, including reviewing the establishment of a proper financial and accounting system, compliance with regulations on the upper limit on junket commissions, compliance with anti-money laundering guidelines, etc. The Government also commenced the amendment to the By-law on the Regulation of Casino Gaming Promotion Activities. The use of phones at gaming tables was prohibited, to eradicate irregularities including placing bets over the phone. The Government commenced the amendment to the Regulations on Conditions of Entering, Working and Gaming in Casinos, and considered adding provisions to prohibit gaming industry employees from taking part in gaming activities. The Gaming Industry Vocational Capability Training Programme was organised for gaming industry employees, to raise their overall capabilities and employment competitiveness.