

# 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, the applicant or his or her company will be eligible for a number of tax incentives, including:

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

## Financial Incentives

The Interest Subsidy Scheme on Bank Loans to Enterprises (By-law No. 16/2009), which on 30

May 2011 was amended by By-law No. 10/2011, has expanded its coverage to cover more industries and investment projects, simplified the application requirements and further relieved the burden of benefited enterprises, by increasing the allocation of resources. The scheme helps struggling local enterprises to improve their operational conditions with financial support measures, thereby adapting to changes in industry structure. 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 2016 (as at end of Q4)

Type of industry	Percentage (%) <sup>(1)</sup>	Approved subsidy amount (MOP) <sup>(2)</sup>	Approved cases <sup>(2)</sup>
Transport and warehousing	19.89%	79,083,356.05	29
Wholesale	17.49%	69,520,518.00	13
Restaurants and hotels	15.06%	59,852,022.10	14
Construction and public works	11.49%	45,680,000.00	9
Retail	10.82%	43,007,736.86	8
Food, beverage and tobacco products	9.31%	36,996,900.00	6
Real estate activities and corporate services	5.80%	23,050,185.00	6
Paper, printing and publishing	5.26%	20,913,270.00	3
Public services, social welfare and private services	4.67%	18,556,499.52	8
Manufacture of chemical products from oil and coal	0.12%	486,868.00	1
Other processing industries	0.10%	400,000.00	1
<b>Total</b>	<b>100%</b>	<b>397,547,355.53</b>	<b>98</b>

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

(2) Subject to approval date

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

## Economic overview

Following the transformation of both internal and external economic environments, the four pillars of Macao's economy – manufacturing; tourism and gaming; banking and finance; and construction and real estate – have seen remarkable changes in terms of their shares of local GDP. Recently, the contribution to Macao's GDP of the tourism and gaming industry has overtaken the combined total of the other three industries. The manufacturing industry has been on the decline since the 1990s, with a constantly decreasing share of local GDP.

## Gaming industry

In 2016, Macao's economy was still undergoing correction. Starting from August, the gross gaming revenue experienced a rebound as the gaming market grew steadily. The annual gross gaming revenue amounted to 224.128 billion patacas, representing a slight decrease of 3.3 percent compared with 2015. The gross revenue from games of fortune was 223.21 billion patacas, also representing a decrease of 3.3 percent compared with 2015, but the industry in Macao has remained the biggest market worldwide. Various operators in the gaming industry made efforts to facilitate several development projects, to build Macao as a world tourism and leisure centre. In the third quarter of 2016, two gaming projects were opened in Cotai, with the addition of substantial non-gaming elements to attract tourists from different countries and regions for sightseeing and consumption.

Lawful gaming businesses in Macao currently include games of fortune, interactive gaming, pari-mutuel and lotteries. Types of gaming are mainly categorised according to the Gaming Industry Regulatory Framework. Games of fortune form the biggest sector of Macao's gaming industry. Gross revenues in this area accounted for 99.5 percent of the industry's gross takings in 2016.

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

At the end of 2016, there were 38 casinos operating in Macao, of which 20 belonged to SJM, five to the Venetian Group, six to Galaxy, two to Wynn, four to Melco PBL, and one to MGM.

The number of gaming tables increased from 5,957 at the end of 2015 to 6,287 at the end of 2016, a 5.5 percent rise; while the number of slot machines decreased from 14,578 to 13,826, 5.2 percent less than the previous year.

At the end of 2016, there were 555 vacant gaming jobs, representing a year-on-year increase of 93 vacancies. These vacancies were mainly clerical, customer services and sales positions. By the end of 2016, there were 55,794 gaming industry employees, representing a year-on-year decrease of 0.8 percent.

Regarding breakdown by job, there were 24,039 dealers, representing a year-on-year decrease of 2.4 percent.

Regarding salaries (excluding incentive bonuses and rewards), the average monthly wage for full-time paid employees in the industry at the end of 2016 was 21,990 patacas, 1.7 percent higher than the 2015 figure. The average monthly wage of dealers was 18,840 patacas, 0.3 percent higher than in the previous year.

## Legal Regulations Refined and Junket Commissions Capped

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

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

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

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

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

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

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

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

The DICJ provides guidance and assistance to the Chief Executive on the formulation and

implementation of the economic policies for the operations of casino games of fortune or other ways of gaming, pari-mutuels and gaming activities offered to the public.

## Monitoring of Gaming under New Circumstances

In 2016, the DICJ continued to enhance the software and hardware in response to the regulatory challenges that arise following the completion of more major gaming and entertainment projects, to continue effective monitoring of casinos, where the situation is becoming more complex as gaming technologies rapidly advance. The DICJ also expedites the refinement of laws that regulate the gaming industry. It closely monitors the social problems brought to Macao by the gaming industry, and encourages implementation of responsible gaming by gaming concessionaires. The DICJ's work during the year can be summarised as follows:

1. To ensure that the internal control procedures of gaming concessionaires can effectively prevent irregularities in casinos, the DICJ conducted regular assessments of their internal control measures. The DICJ also began to amend the Minimum Internal Control Requirements (MICR) as planned, to keep in line with the development of gaming industry management.
2. The money laundering control procedures were amended based on Directive No. 1/2016 – Preventive Measures against Money-laundering and Terrorist-financing. The DICJ has initiated related briefings, and provided specific training, assistance and guidance for the gaming industry. The DICJ also conducted annual assessments of Macao's work against money laundering and terrorist financing for the Asia-Pacific Group on Money Laundering (APG), and continued working closely with the Financial Intelligence Office in 2016.
3. Starting from 9 May 2016, the use of telephones at gaming tables has been prohibited. To this end, the DICJ deploys additional staff to monitor casinos, aiming to eradicate irregularities such as telephone betting.
4. The DICJ continued to monitor gaming concessionaires, to ensure they post clear notices forbidding individuals under the age of 21 from entering casinos, and demanded that they strengthen inspections at casino entrances. In 2016, 352,388 persons under the age of 21 were prevented from entering casinos by security staff. Also, 210 persons under the age of 21 were found to have entered casinos illegally.
5. For more efficient monitoring of casino operators' adherence to their obligations in the concession contracts, and to urge casino operators to add non-gaming components, the DICJ began regularly gathering financial data and information on non-gaming components, and information and data on local procurement exercises of casino operators, as well as local SME facilities at casinos and gaming facilities. With this information and data, the DICJ could help SMEs to seize opportunities arising from the development of gaming tourism.
6. The DICJ continued with comprehensive audits of gaming promoters in Macao, to check whether they strictly complied with all requirements set out in the Guidelines on Financial and Accounting Systems, and whether they had established a proper financial and accounting system. Following the promulgation of the guidelines, there has been an improvement in the

law abiding awareness among operators in the industry. Most gaming promoters compile financial statements according to the requirements in a timely manner. The audit results will be taken into consideration in the renewal of their licences, and will serve as a reference for subsequent amendments to the related laws.

7. Regarding registration of gaming promoters, a total of 126 licences were issued in 2016, representing a decrease of 11.2 percent from 2015. Of these, 110 were issued to legal entities and 16 were issued to individuals.
8. For promotion of “responsible gaming”, the DICJ continued to follow up on social problems in Macao arising from gaming, especially gambling involving casino staff, the gaming trend among youngsters, and pathological gambling. The DICJ had regular working meetings with the six gaming corporations, in order to understand the enforcement of responsible gaming in casinos. To facilitate better understanding of “responsible gaming” by casino staff, the DICJ continued co-organising a series of “responsible gaming” promotion activities with the Social Welfare Bureau and the Institute for the Study of Commercial Gaming of the University of Macau, and offered the “Macao Responsible Gaming Instructor” certificate programme to gaming corporations. In 2016, a total of 70 casino staff members completed the programme. The DICJ offered for the first time the “Macao Responsible Gaming Trainer” certificate programme, to provide further professional and local training to the staff of gaming corporations.
9. After the implementation of self-exclusion and third-person exclusion measures in casinos, starting from 1 November 2012, in 2016 the DICJ streamlined the application process to shorten the approval time. It also added more responsible gaming information kiosks, to receive applications for exclusion from casinos. The setting up of kiosks allows residents and visitors to obtain information about responsible gaming through more channels. As of the end of December 2016, the DICJ handled 351 applications for exclusions, 42 of which were made via self-service machines at responsible gaming kiosks.
10. Regarding administrative penalties for prevention and handling of illegal gambling, there were 39 cases of illegal gambling in 2016, five percent more than in 2015. A total of 197 individuals were involved, 188 of whom were Macao residents. The DICJ would continue to educate the public, while stringently combating and preventing illegal gambling.

### The Contribution of Casino Gaming to Macao’s Gross Gaming Revenue during 2016

(Billion Patacas)

Item	2016
Gross revenue from casino gaming	223.210
Gross gaming revenue	224.128
<b>Proportion of contribution</b>	<b>99.5%</b>

Source: DICJ

Gross Revenues of Different Types of Casino Gaming during 2016	
(Billion Patacas)	
Item	Gross revenue (Billion Patacas)
Roulette	0.984
Blackjack	2.456
VIP Baccarat	118.960
Baccarat	76.093
Fan-tan	0.297
Cussec	6.626
Chinese Dominoes (Pai Gow)	0.093
Mark 8	0.0014
Mahjong	0.122
Slot Machines	11.384
Chinese Dominoes Mahjong	0.005
Three-card Poker	0.201
Three-card Baccarat	0.425
Tombola	0.0014
Wheel of Fortune	0.013
Live Multi Game	2.350
Stud Poker	1.075
Casino War	0.189
Dice/craps	0.198
Texas Poker	0.310
Fortune 3 Card Poker	0.612
Fortune 8	0.004
<b>Total</b>	<b>223.210</b>

Source: DICJ

## Manufacturing

Macao's manufacturing industry now faces changes in the worldwide manufacturing supply chain and disparities in regional manufacturing costs. Since the 1990s, Macao has gradually transformed into a more service-oriented economy. As a result, the manufacturing industry's share of GDP decreased from 20.6 percent in 1989 to 0.6 percent in 2015.

In 2016, the total value of Macao's exports was 10.05 billion patacas, representing a year-on-year decrease of six percent, with Macao's domestic product exports accounting for 1.96 billion patacas, up 7.8 percent year on year. The value of re-exports was 8.08 billion patacas, down 8.9 percent year on year. Hong Kong continued to be the major export market for Macao, with a share of 55.3 percent of Macao's total export value. Mainland China accounted for 17.4 percent of Macao's total export value. The United States accounted for 1.6 percent.

In 2016, the value of products exported under CEPA was 97.18 million patacas. Tax with a total value of 5.13 million patacas was waived. During the past 13 years, the cumulative total value of zero-tariff goods entering mainland China in accordance with CEPA provisions was 764 million patacas, with 56.61 million patacas of taxes waived.

## Financial Services Industry

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

Macao's financial institutions consist of banks, insurance companies, financial companies, lease finance companies, financial intermediaries, bureaux de change, cash remittance companies, non-banking credit agencies and the representative offices of overseas financial institutions. As of 31 December 2016, 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, one lease finance company, two financial intermediary companies, 11 bureaux de change, six bureaux de change counters, two cash remittance companies, one non-banking credit agency, two other financial institutions, and one representative office of an overseas financial institution.

## The Banking System

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

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

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

At the end of 2016, the 29 banks in Macao owned assets with a total value of 1,390.8 billion patacas, and hired 6,122 employees at their 211 headquarters and branches. Total deposits in Macao's banking system amounted to 9,421 billion patacas, while loans totalled almost 784.3 billion patacas – the loan-to-deposit ratio being 83.3 percent.

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

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

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

## The Insurance Industry

### Market Overview

At the end of 2016, 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, nine of these companies were local, and the other 14 were branches of overseas companies. In addition, one fund-management company was authorised to conduct pension-fund business in the MSAR. At the end of 2016, Macao's insurance industry employed 547 people. There were 5,780 authorised insurance intermediaries: 4,239 individual agents, 1,450 salespersons, 80 corporate agents, and 11 insurance brokers.

In 2016, total insurance premium income was 20.5 billion patacas, 45.2 percent more than that in 2015. Life insurance premium income accounted for 89.5 percent of the insurance market's total income, with the remaining 10.5 percent coming from non-life insurance. Life insurance premiums totalled 18.34 billion patacas, up by 52.4 percent from the previous year. Non-life insurance

premiums totalled 2.16 billion patacas, representing an increase of 3.7 percent.

At the end of 2016, eight life insurance companies and one pension-fund management company were providing private pension fund management services. So far, 58 pension funds have been established under the Legal Framework for Private Pension Funds, of which four are closed-end funds and 54 are open-end funds. To date, more than 1,032 private pension fund schemes have been established by businesses or self-employed individuals, benefiting more than 141,000 people. The assets of the managed funds totalled about 16.99 billion patacas.

## **Supervision and Regulation of the Insurance Industry**

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

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

The Macao Insurance Law stipulates the terms and conditions of insurance and reinsurance activities in Macao. The existing law was amended in 1997, with the purpose of aligning the regulatory levels of Macao's insurance activities with that of international standards. The law covers requirements for obtaining a licence, and the mandatory establishment of margins of solvency, technical reserves and financial disclosure.

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

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

## **Compulsory Insurance**

There are 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 2016, a total of 5,880 candidates sat the insurance

intermediary qualification examination, with a pass rate of 84.15 percent.

As investment-linked assurance products are gaining popularity and the nature of these products is complex and hard to understand, to better protect customer interests and ensure that all intermediaries possess basic product knowledge, it became mandatory from 1 July 2011 for all intermediaries intending to sell investment-linked insurance products to pass a qualifying examination. By the end of 2016, a total of 756 candidates had sat the qualifying examination, with a pass rate of 81.88 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

The average sales price for residential units in 2016, calculated in terms of usable floor area, was 86,342 patacas per square metre, 0.6 percent lower than the previous year's figure. The average prices per gross floor area for residential units on the Macao peninsula, Taipa and Coloane were 77,276 patacas, 98,696 patacas and 110,761 patacas per square metre, respectively.

In 2016, the unit prices of offices and industrial units were 100,057 patacas and 47,568 patacas per square metre, down by 11.8 percent and 5.9 percent, respectively.

In 2016, construction began of buildings with a total gross floor area of 868,000 square metres. These buildings, when completed, will provide 5,122 units (of which 4,957 are residential units) and 3,882 car parking spaces.

Buildings completed in 2016 (including expansion) provided 498 units (of which 404 are residential units) and 551 car parking spaces with a total area of 192,000 square metres.

In 2016, the number of recorded housing and parking space transactions involving payment of property transfer stamp duty was 14,108, up 44.4 percent year on year. The transaction value totalled 74.13 billion patacas, up 43.5 percent year on year.

A total of 10,170 residential units with a total value of 58.76 billion patacas changed hands in 2016; these figures were up by 70.2 percent and 75.7 percent, respectively, from 2015. Among them, the transaction values of uncompleted units (totalling 1,710) and completed units (totalling 8,460) were 16.26 billion patacas and 42.5 billion patacas, respectively. The numbers of shops, offices and industrial building units bought and sold during the year were 555, 197 and 84, respectively. For parking spaces, 3,013 transactions were recorded.

The price index of construction materials in 2016 rose slightly, by 0.8 percent year on year, to 132.8.

The average daily wage of a construction worker in 2016 increased by 5.3 percent year on year to 787.5 patacas; while that of local construction workers increased by three percent over the past year to 993.5 patacas. The real wage index for construction workers, discounted for inflation, averaged 101.9, up 1.6 percent on the previous year, while that of local construction workers increased by 2.3 percent, to 128.2.

## Employment and the Labour Market

In 2016, the gross domestic product of Macao decreased by 2.1 percent in real terms, a far smaller drop than in the previous year (when there was a 21.5 percent decrease). The economy experienced a recession of 9.7 percent in the first half of the year, and a rebound of 5.7 percent in the second half. In 2016, the full-year unemployment rate was 1.9 percent, up slightly by 0.1 percentage points from 1.8 percent in 2015. The unemployment rate among local residents increased by 0.2 percentage points year on year, to 2.7 percent.

In 2016, Macao recorded a labour population of 397,000 people, and a participation rate of 72.3 percent. The labour participation rate for males was 77.8 percent, and for females was 67.2 percent. Classified by age and gender, the 25-34 age group achieved the highest average labour participation rate, of 92.5 percent (97.1 percent for men and 88.1 percent for women).

### Employment

In 2016, Macao's employed population decreased 1.7 percent over the previous year and totalled 390,000, of whom 51.6 percent were male and 48.4 percent were female. Broken down by sector, the working population was mainly engaged in cultural, entertainment, gaming and other service industries (23.8 percent); hotels and catering (14.7 percent); construction (11.4 percent); and wholesale and retail (11.3 percent). Classified by occupation, clerical workers, service and retail workers, and non-technical workers accounted for 26.3 percent, 21 percent and 17.6 percent, respectively, of the entire working population.

Of the employed population, 12.5 percent had primary school education qualifications, 21.6 percent had completed junior secondary school education, 29.1 percent had completed senior secondary school education, and 33.9 percent had completed tertiary education. The main age group in the employed population was 25 to 34, accounting for 31 percent of the working population, while the age groups of 35 to 44 and 45 to 54 accounted for 23.8 percent and 22.8 percent, respectively.

### Unemployment and Underemployment

In 2016, Macao recorded an unemployed population of around 7,600, representing an unemployment rate of 1.9 percent. Among the unemployed, 87.5 percent had work experience and were looking for jobs, whereas 12.2 percent had not worked before and were looking for their first job. In terms of education, 18.4 percent of the unemployed had completed only primary education; 21.7 percent had completed junior secondary, 27.3 percent had completed senior secondary, and 26.6 percent had completed tertiary education.

Among the unemployed, 57.2 percent had spent less than four months looking for a job, 19.7 percent had spent four to six months, and 19.7 percent had spent more than 12 months. Among the unemployed looking for a new job, 29.3 percent were from the cultural, entertainment, gaming and other services sector, 11.2 percent from the wholesale and retail industry, 14.1 percent from the construction industry, 8.6 percent from the hotel and catering sector. In terms of their occupations before being unemployed, 35.9 percent of the job seekers were clerks, 27.3 percent were service workers or in sales, 10.9 percent were non-skilled workers, and 10.2 percent were industrial

craftsmen and handicraft workers. The major causes of unemployment were personal or family reasons (41.8 percent), termination of temporary jobs (15.6 percent), closure of companies (15.6 percent), dismissal (13 percent), and unsatisfactory work conditions (11.5 percent).

## Monthly Earnings

In 2016, the overall median monthly income of Macao's employed population was 15,000 patacas, while that of local residents was 18,000 patacas, which remained at the 2015 level. The median monthly income of the cultural, entertainment, gaming and other services sector, which employed the largest number of workers, was 18,750 patacas. Sectors with the highest median monthly income were, in descending order, public administration and social security (35,000 patacas), water, electricity and gas production and supply (29,500 patacas), and the financial services industry (19,600 patacas).

## Non-Resident Workers

To alleviate local labour shortage, at the end of December 2016, Macao had 177,638 non-resident workers, representing a decrease of 2.2 percent year on year. The hotel and catering industry accounted for the largest share of non-resident workers (28.1 percent), which was followed by construction workers (19.5 percent), household jobs (14.1 percent), wholesale and retail (11.2 percent), and real estate and business and services (10.7 percent).

## Financial Management

### Financial Services Bureau

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

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

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

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

## **Budget of the Macao Special Administrative Region**

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

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

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

## **General Accounts of the Macao Special Administrative Region**

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

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

## **Management of Public Property**

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

and lists of assets, and analysing the tangible asset accounts of public departments

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

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

## Sources of Tax Revenue

### Government Tax Revenue

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

### Gaming Tax

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

### Business Tax

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

*Note: Pursuant to Article 11 under the Budget of the Financial Year of 2016, approved by Law No. 15/2015, in 2016, no amount of industrial tax set out in Table 1 and 2 under the Regulations for Industrial Tax shall be collected.*

## Profit Tax

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

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

*Note: Pursuant to Article 20 of the Budget of the Financial Year of 2016 approved by Law No. 15/2015, the tax allowance for profit tax in 2015 is set at 600,000 patacas.*

## Personal Income Tax

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

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

*Note: Pursuant to Article 17 of the Budget of the Financial Year of 2016 approved by Law No. 15/2015, the tax allowance for personal income tax in 2016 is set at 144,000 patacas.*

## Tourism Tax

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

*Note: Pursuant to Article 15 of the Budget of the Financial Year of 2016, approved by Law No. 15/2015, in 2016, tourism tax shall be exempted for the settlement of services provided by luxury, class-1 and class-2 restaurants, and those venues that are established in hotels yet operating independently, particularly those under a different trade name.*

## Real Estate Tax

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

*Note: Pursuant to Article 19 of the Budget of the Financial Year of 2016, approved by Law No. 15/2015, in 2016, a tax reduction of up to 3,500 patacas per property is available for urban properties for tax subjects who are natural persons with right of residence in the Macao Special Administrative Region.*

## Asset Transfer Stamp Duty

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

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

*Note: Pursuant to Article 13 of the Budget of the Financial Year of 2016 approved by Law No. 15/2015, stamp duty shall be exempted for eligible taxpayers who purchase residential properties that are worth up to three million patacas in 2016.*

## Excise Duty

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

to CIF (cost, insurance and freight) as well as fixed tax, while tobacco products are levied excise duty of fixed amounts.

## Motor Vehicle Tax

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

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

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

## Registered Auditors and Accountants

At the end of 2016, there were 14 registered auditing companies, two registered accounting firms, 115 registered auditors and 184 registered accountants in Macao.

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

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

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

In early March 2016, the State Council issued the Guiding Opinions on Deepening Co-operation within the Pan-Pearl River Delta Region, marking a new stage of co-operation in the region. It is proposed that the regional economic development pattern should be refined to develop the Guangdong-Hong Kong-Macao Greater Bay Area. The guiding functions of the Pearl River Delta region including Hong Kong and Macao should be enhanced, to serve as an important example of innovative development in the country.

The 13th Five-year Plan issued in mid-March 2016 indicates that the roles and functions of Hong Kong and Macao in the country’s economic development and opening up to other countries shall be strengthened. It also supports Macao’s aims of developing into a world tourism and leisure centre and an economic and trading service platform between China and Portuguese-speaking countries; focusing on development of exhibition and convention, as well as commercial and trading industries; and promoting adequate economic diversification and sustainable development. The Five-year Plan also indicates that mainland China will further open up to Hong Kong and Macao, and will facilitate the upgrading of CEPA between mainland China and Hong Kong and Macao.

Statistics from the Ministry of Commerce show that the total value of trade between Macao and mainland China was US\$3.29 billion in 2016, down 31.1 percent year on year. During the whole of 2016, Macao had 676 investment projects in mainland China, with an actual investment value of US\$820 million. The cumulative total of Macao’s mainland China investment projects was 15,074 at the end of December 2016, with an actual investment value of US\$13.6 billion. Macao investments accounted for 0.8 percent of mainland China’s cumulative total of foreign investments.

## 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 to actively explore and enhance exchanges and cooperation with other provinces and cities in mainland China. Macao has already established healthy interactive relationships with a number of mainland China provinces, cities and autonomous regions, including Beijing, Tianjin, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Fujian, Guangdong, Sichuan, Shaanxi and Hubei, developing

every aspect of economic and trade cooperation.

In March 2016, Chief Executive Chui Sai On led a delegation to attend the Boao Forum for Asia Annual Conference 2016, held in Boao, Hainan.

In August 2016, Chief Executive Chui Sai On and the Secretary for Economy and Finance, Leong Vai Tac, led a delegation to attend the 11th Pan-Pearl River Delta Regional Co-operation and Development Forum and Trade Fair, held in Guangzhou.

In May and September 2016, the Macao Trade and Investment Promotion Institute (IPIM) organised a delegation of Macao entrepreneurs to join the 19th China Chongqing International Investment and Global Sourcing Fair, and a delegation from Macao's economic and trade sector to join the 19th China International Fair for Investment and Trade, held in Xiamen.

The 2016 MIECF, hosted by the Government and co-organised by 10 provincial/regional governments in the PPRD region, was held from 31 March to 2 April 2016 in Macao. Members of the PPRD regions (9+2) set up their own pavilions and sent delegations to participate in the event.

## Relationship with Guangdong Province

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

The Guangdong-Macao Cooperation Joint Conference mechanism was established in 2003. The conference set six priority projects for cooperation between the two regions. These were the service sector, the Zhuhai-Macao Cross-border Industrial Zone research on the joint development of Hengqin Island, a major cross-border traffic network, tourism, and cooperation between ports.

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

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

In February 2016, the Secretary for Economy and Finance, Leong Vai Tac, attended the commencement ceremony of key projects of the Guangdong-Macao Cooperation Industrial Park at Hengqin Macao Youth Business Valley. Construction commenced for 12 of 33 Macao projects nominated by the Government. In October, the Government nominated to Hengqin the remaining 50 of the first batch of projects, which indicated interest in pursuing development in the industrial park.

In January 2016, the IPIM and the Guangzhou Municipal Commission of Commerce co-organised the Macao-Guangzhou Fine Products Fair 2016. The Macao-Portuguese-speaking Countries-Guangzhou Commercial and Trade Fair 2016 was also held during the same period.

In July 2016, the IPIM and the Department of Commerce of Guangdong Province co-organised the 2016 Guangdong and Macao Branded Products Fair. The Macao Characteristics Finance and Economic Forum was also held during the same period.

In October 2016, the Department of Commerce of Guangdong Province continued to act as the official co-organiser for the 21st MIF – Macao International Trade and Investment Fair and arranged for participation by enterprises.

From 30 November to 2 December 2016, the IPIM and the Department of Commerce of Guangdong Province co-organised a commercial and trading delegation comprising Macao entrepreneurs from trading, logistics, science and technology, food and beverage, retail and service sectors, to visit Guangzhou, Shenzhen and Dongguan.

## Relationship with Jiangsu Province

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

From 29 to 30 March 2016, Chief Executive Chui Sai On led a delegation of the Government to Nanjing and Changzhou of Jiangsu Province, to study the establishment of industrial parks. The two governments signed a memorandum of understanding regarding establishing a joint taskforce to study the planning for the Jiangsu-Macao Cooperation Park and a memorandum of understanding on exchange initiatives involving civil servants from Jiangsu and Macao. To deepen the cooperation, the two sides decided to form a collaborative committee for the establishment of the Jiangsu-Macao Cooperation Park.

After a series of discussions and negotiations by the collaborative committee, an initial consensus was reached. On 21 October, Chief Executive Chui Sai On and Shi Taifeng, the Governor of Yunnan Province, signed a memorandum of understanding between the Jiangsu Provincial People's Government and the Government of the Macao Special Administrative Region on building the Jiangsu-Macao Cooperation Park by the People's Government of Jiangsu Province and Macao Special Administrative Region, under which the two sides agreed to jointly develop the Jiangsu-Macao Cooperation Park in Changzhou, Jiangsu Province.

The Jiangsu-Macao Cooperation Park is a project that demonstrates the complementary advantages and innovative cooperation between the two sides under the framework of “One country, two systems”. Jiangsu and Macao will join hands in developing the cooperation park into a platform that realises profound cooperation between the two places; a platform for handling cooperation projects of China and Portuguese-speaking countries; a breeding ground for business startups and innovation in mainland China by young people in Macao; as well as a training platform for exchanges and enhancement of professional competence of young civil servants in Jiangsu and Macao.

Jiangsu and Macao will uphold the principle of scientific administration and timely planning, to jointly commence development of the cooperation park. The two sides also decided to engage a world-renowned consultant to draw up a plan for the park with their international and professional vision, after taking into account the actual situation and development of Jiangsu and Macao.

Jiangsu and Macao have maintained close commercial and trading cooperation. Jiangsu has attached particular importance to leveraging the advantages of Macao as a platform for China and Portuguese-speaking countries. Since 2011, the Jiangsu-Macao Industrial and Commercial Summit of Portuguese-Speaking Countries has been hosted by the Macao International Trade and Investment Fair for six consecutive years. A cooperation mechanism has been established by the two sides, which has in turn developed a system for regular cooperation between Jiangsu, Macao and Portuguese-speaking countries in commercial and trading, cultural and education fields. In 2015, the total volume of trade between Jiangsu and Portuguese-speaking countries totalled about US\$11 billion. Besides, there has been cooperation between Jiangsu and Macao in tourism, education, training of social service personnel, healthcare and hygiene.

## **Economic Services Bureau**

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

### **Industrial Licences**

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

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

In 2016, the Economic Services Bureau issued one general-system industrial licences and 16 special system/special activities industrial licences. In addition, four general-system industrial unit licences and 38 special-system/special-activity industrial unit licences were issued, 20 industrial unit licences and 32 unit licences were revoked, and 162 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. According to By-law No. 29/2003 Regulations on Certificates of Origin, which was amended by By-law No. 20/2016 that came into force on 4 August 2016, the charge for issuing certificates of origin has been cancelled, to reduce trading operating costs.

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

In 2016, the Economic Services Bureau issued 1,185 general certificates of origin; major export destinations included the United States and mainland China, accounting for 29.3 percent and 22.8 percent of the total issuance, respectively. It also issued 390 certificates of origin for CEPA.

## Certificates of Macao Service Suppliers

To enjoy the incentives and benefits under CEPA, all Macao enterprises that conform to Annex 5 of CEPA, all regulations in supplementary protocols and Annex 3 of the Agreement on Trade Services under CEPA are required to apply to the Economic Services Bureau for a Certificate of Macao Service Supplier. From 1 January 2004, when CEPA was implemented, to 31 December 2016, the Economic Services Bureau issued 612 Certificates of Macao Service Suppliers.

## Export and Import Licences

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

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

1. Law No. 7/2003 of the External Trade Law amended by Law No. 3/2016 dated 4 July 2016;
2. By-law No. 28/2003 on External Trade Operations amended by By-law No.19/2016 dated 18 July 2016 ;

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

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

Regulated exported goods include:

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

Regulated imported goods include:

1. Drinks with alcohol concentrations of at least 30 percent by volume, and tobacco;
2. Motor vehicles;
3. Species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
4. Ozone-depleting substances;
5. CD ROM production facilities and materials;

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

Since applications for export licences for textile and garment products were first processed electronically in the fourth quarter of 2000, the Economic Services Bureau has been stepping up its efforts to electronically process applications for import and export licences. Since the introduction of the pilot scheme for electronically processing the import licence applications of some products in 2004, the number of applications for electronic services gradually increased from 2005 to 2016, with product categories expanding to include cigarettes, alcohol, motor vehicles, and air conditioners containing HCFCs.

In 2016, the Economic Services Bureau issued 19,035 import licences (Application for import licences of motor vehicles have been handled by the Transport Bureau since 4 August 2016) and 252 export licences.

## **Protection of Intellectual Property Rights**

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

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

## **Intellectual Property Rights System**

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

## **Copyright and Related Rights Code**

In Macao, copyright is subject to legal regulation and protection. On 16 August 1999, the Copyright

and Related Rights Law (Decree-Law No. 43/99/M) was gazetted; it came into effect on 1 October that year, protecting copyright under clearly defined terms. The regulation provides full protection for works of literature, drama, music and art, movies and television broadcasting, as well as all original productions, and it fulfils the requirements of Trade Related Intellectual Property Rights formulated by the WTO.

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

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

## The Industrial Property Rights System

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

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

## Trademark Registration

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

In 2016, the Intellectual Property Department of the Economic Services Bureau accepted 11,507 applications for trademark licences, representing a decrease of 12.43 percent on the 13,140 applications processed in 2015. Applications were mainly from mainland China, the United States, Hong Kong, Macao, Japan and British Virgin Islands. As at 31 December 2016, the Economic Services Bureau had received a cumulative total of 134,354 applications.

## Patent Registration

From 6 June 2000, all applications for patents – including invention patents and utility patents, designs and new products – may be submitted directly to the Economic Services Bureau.

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

In 2016, the Economic Services Bureau accepted 452 applications for patent extensions for inventions, 66 patent registration applications, and applications for registration of 218 designs and new products. These applications were mainly from Japan, the United States, Hong Kong and mainland China. As at 31 December 2016, the Economic Services Bureau had received a cumulative total of 2,458 applications for patent extensions for inventions, 1,675 applications for patents, and applications for the registration of 1,773 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 2016, a total of 9,793 applications had been received, 8,605 of which were approved, involving total financial aid amounting to 2.39 billion patacas. (The statistics include the applications for financial aid to cover losses arising from the impact Typhoon Hagupit in 2008). Enterprises receiving the loans are primarily engaged in retail, construction and public works, wholesale, restaurants and hotels, corporate services, and personal services including automobile and motorcycle repair and maintenance, and hair and beauty salons.

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

From the scheme's commencement to the end of December 2016, the Government received 604 applications, involving a total loan amount of 1.551 billion patacas; 552 of the applicants

obtained government credit guarantees totalling 1.415 billion patacas. Most applicants were from the construction and public works sector, followed by wholesaling, retailing, company services, transportation and warehousing, travel agencies, Chinese restaurants, other restaurants and hotels.

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

Since the scheme's implementation in late December 2016, the Government received 77 applications, involving a total credit guarantee of 63.04 million patacas; 64 of the applicants obtained 100 percent credit guarantees from the Government, with a total value of 53.64 million patacas. Of the approved cases, most were from retailing, followed by wholesaling, paper, printing and publishing, imports and exports, Chinese restaurants, other restaurants and hotels, textiles, garments and leather manufacturing, and personal services including automobile and motorcycle repair, and hair and beauty salons.

### **Young Entrepreneurs Aid Scheme**

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

The Young Entrepreneurs Aid Scheme was launched in August 2013, with a maximum loan amount of 300,000 patacas and a longest repayment period of eight years. By the end of 2016, a total of 1,305 applications had been received, and 922 of them were approved, involving a total amount of 219 million patacas. The industries involved were mainly retail, corporate services, restaurants and hotels, wholesale, and personal services including automobile and motorcycle repair, and hair and beauty salons, as well as construction and public works.

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

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

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

a maximum subsidy of 70 percent of the actual cost, or a maximum amount of 5,000 patacas.

## 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. It is also responsible for the investment and management of the MSAR Government's fiscal reserve.

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

## Monetary Policy

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

## The Pataca

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

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

Under the currency board system, all the patacas issued must be 100-percent-backed by foreign exchange reserves. As legal backing for the notes they issue, the agent banks for note-issuing are required to pay an equivalent amount in Hong Kong dollars to the Monetary Authority of Macao; in exchange they receive a Zero-Percent Certificate of Indebtedness at a fixed exchange rate of one

Hong Kong dollar to 1.03 patacas. The 100-percent reserve backing system enables the Monetary Authority to ensure the full convertibility of the pataca into its reserve currency – the Hong Kong dollar – thus establishing the linked exchange rate relationship between the pataca and the Hong Kong dollar. As the Hong Kong dollar is pegged to the US dollar, the pataca is indirectly pegged to the US dollar at an exchange rate of one US dollar to about eight patacas.

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

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

## Foreign Exchange Reserves

The Government consistently adheres to prudent investment strategies for managing foreign exchange reserves. Provided the balance of international payments remains healthy and the convertibility of the pataca is not compromised, investments in safe yet quality investment products will be made to achieve principal-guaranteed growth. The year-end balance of foreign exchange reserves in 2016 increased by 3.2 percent over 2015, amounting to 155.68 billion patacas.

## Fiscal Reserve

A fiscal reserve was established in early 2012, with the Monetary Authority of Macao responsible for its investments and management. Over the years, it has adopted a safe, effective and prudent investment approach. The capital of the fiscal reserve comes from the balance of the MSAR's reserve fund as well as the balance of past annual budgets. Balances amounting to 98.86 billion patacas were transferred to the fiscal reserve as start-up capital, while the remaining 54.2 billion patacas were transferred from the foreign exchange reserve. The MSAR's reserve fund was written off following the above transfers. At the end of 2016, the total asset value of the fiscal reserve, including the central budget balance for 2014 transferred early in the year, was 438.7 billion patacas, a significant increase of 93.6 billion patacas over the same period in 2015.

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.

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

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

Following the commencement of the China and Portuguese-speaking countries’ trade and economic cooperation and talent information website on 1 April 2015, there were 13,000 registered accounts by the end of 2016, with more than 1,300 registered suppliers and agents. Over 10,000 entries of information on food of Portuguese-speaking countries were published. There were more than 250 registered talents who are bilingual in Chinese and Portuguese, and 149 professional service suppliers.

On 31 March 2016, the Portuguese-speaking Countries Food Products Exhibition Centre, in Tap Seac Square Commercial Centre, officially opened. By the end of 2016, more than 1,000 food and beverage products of Portuguese-speaking countries were showcased. Each of the products was given a unique QR code so customers could easily access product information. A B2C online sale service was available for certain products.

Besides, the IPIM set up exhibition areas for food products of Portuguese-speaking countries in its liaison office in Fuzhou, as well as representative offices in Wuhan and Guangzhou. It also worked with chambers of commerce and enterprises to expand the display points for food products from Portuguese-speaking countries to Jiangmen, Chongqing and Changsha.

The IPIM worked in collaboration with mainland China’s economic and trade departments, to organise enterprises from mainland China and Macao to participate in exhibitions and study tours in Portuguese-speaking countries, including the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries, held in Guinea-Bissau in April 2016, as well as the China-Portugal-Macao Enterprise Business Opportunities Forum. In May, the IPIM organised a delegation of enterprises to visit Sao Paulo and Porto Alegre, Brazil. In May, it organised a delegation consisting of Pan-Pearl River Delta “9+2” provincial and regional representatives for a visit and study tour to Portugal and Belgium.

### External Cooperation

The Macao Trade and Investment Promotion Institute (IPIM) is a member of World Association of Investment Promotion Agencies (WAIPA) and Asia Trade Promotion Forum (ATPF). In recent years,

IPIM has signed cooperation agreements with trading organisations of various Portuguese-speaking countries and many provinces and regions of mainland China as well as the trade and economic authorities of the United States and Vietnam, to help local and overseas travelling merchants to explore business opportunities. Since 2006, IPIM has established liaison/representative offices in Hangzhou, Zhejiang Province; Chengdu, Sichuan Province; Shenyang, Liaoning Province, Fuzhou, Fujian Province; Guangzhou, Guangdong Province; and Wuhan, Hubei Province.

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

A subsidiary of Macao Trade and Investment Promotion Institute (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. 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.

The Macao Business Support Centre established the SME Service Centre (SMEC) in 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 for electronic business (B2B), and promotion of B2C application platforms. The service centre provides enterprises with facilities and services to help them promote their products and services, find business partners and seek business matching.

Macao Ideas, established by the Macao Trade and Investment Promotion Institute (IPIM) and launched in May 2011, is the first merchandise exhibition centre in Macao dedicated to all things “Macao-manufactured”, “Macao-branded” and “Macao designed”, and an agent for products of Portuguese-speaking countries. The exhibition centre has nearly 2,000 items on rotating display. Macao Ideas has on-site staff helping visitors to understand Macao enterprises and products. In October 2014, Macao Ideas integrated with the Macao Business Support Centre (MBSC), providing negotiation and matching opportunities for exhibitors, thus creating business opportunities.

Macao Young Entrepreneur Incubation Centre was established and opened in Macao Business Support Centre (MBSC) in June 2015, providing one-stop diverse entrepreneurship support for the younger generation in Macao.

### **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 21st MIF was held with the theme “Cooperation – Key to Business Opportunities” at an exhibition venue of around 30,000 square metres, drawing together over 1,600 exhibition booths and group participants from more than 50 countries and regions. During the MIF, more than 40 forums, promotions and seminars were held. The exhibition also arranged more than 380 negotiation sessions for on-site purchasers, in the business matching zone. Over 110 negotiation meetings were successfully arranged via the self-service online business matching platform. More than 50 contracts were signed.

This year, the MIF invited for the first time Portugal and Beijing to become a partner country and partner city, and organised senior level delegations to visit Macao. The MIF continued to host the Product and Service Exhibition of Portuguese-speaking Countries, to further strengthen Macao’s functions as an economic and trading service platform between China and Portuguese-speaking countries, raise Macao’s international influence, and facilitate its adequate economic diversification.

The MIF is valued by exhibitors as a major activity for expanding business into mainland China and Portuguese-speaking countries. An increasing number of trading organisations, chambers, associations and independent enterprises participate in the event, reflecting the crucial role played by MIF in promoting Macao as the regional economic and trading service platform.

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

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

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

## 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.

## Macau Investment and Development Limited

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

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

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

## Macau Productivity and Technology Transfer Centre

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

## Continuous Professional Training

Ongoing professional training provided by the centre covers the four areas of fashion and innovation, information technology, business language and business administration. The courses comprise:

1. Training Series for the Middle-aged, fostering their essential vocational skills;
2. Training Series for Adolescents, inspiring adolescents' creativity and vocational interests;
3. Core Capabilities (soft skills, language usage, and technological application), Industrial Development, Administration and Management Training Series, promoting continuing studies among employees and industry development; and
4. Business Start-up and Business Administration Training Series, to raise levels of business administration and management.

In 2016, the centre held a total of 953 courses comprising 20,232.45 learning hours. The number of students totalled 18,791.

## Professional and Open Examinations

The Professional Examination Resources Unit under the centre manages various professional qualification public examinations and provides the public with reference information about these and other local professional examinations. The unit also serves as the Macao Centre for National Vocational Qualification Assessment. In 2016, a total of 6,261 candidates applied for examinations via the Resources Unit.

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

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

The 2016 Microsoft Office Specialist World Championship and Adobe Certified Associate (ACA) World Championship were held in August, in the United States. Three Macao contestants, who had received extensive pre-match training provided by the CPTTM, garnered first prize in the categories of Microsoft Office Excel 2010 and PowerPoint2010, and third prize in the ACA World Championship.

## 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, in-house brands and innovation. There are also fashion information stations and an online fashion information platform, WGSN (Worth Global Style Network), to help Macao factory owners, fashion designers and cultural and creative industry professionals obtain richer and deeper information about fashion, colour, design and retail trends and analysis.

In 2016, CPTTM continued to hold the MaConsef fashion training programme and organise various skills competitions. The centre organised participation by Macao fashion brands and designers in the Original Design Collection for 2016 Taipei IN Style and the Hong Kong Fashion Week for Spring/Summer, and held fashion shows and set up booths for Macao. It also led groups of Macao fashion designers to join the Fashion Lingnan – Guangzhou–Hong Kong–Macao Youth Fashion Design Competition, and the 2016 Overseas Chinese Fashion Design Competition, providing them with necessary support.

CPTTM also continued cooperating with IPIM to organise the Macao Fashion Festival 2016 during the 21st Macao International Trade and Investment Fair, with participation by 46 designers and brands from various regions.

Upon invitation by Caritas Macau, the CPTTM led a delegation to participate in the Ninth International Abilympics held in France in 2016, and was responsible for training and screening of contestants for several events. Members of the delegation won the second prize and third prize

in tailoring of men's and women's clothing, respectively.

CPPTM continued to work with the Cultural Affairs Bureau to jointly operate the Macao Fashion Gallery at St. Lazarus Parish. The fashion gallery regularly holds various themed fashion shows and activities, and collects cultural and creative products with distinctive Macao characteristics for sale. In 2016, Macao Fashion Gallery held four fashion shows with different themes, two sharing sessions, two workshops, three pop-up shops, three outdoor fashion shows and two creative workshops. It also helped in promoting 27 local fashion brands, to enable local residents and tourists to better understand Macao's original fashion brands.

## **Management Information and Consulting Services**

As a correspondent member of the International Organization for Standardization (ISO), CPPTM is committed to helping local organisations to raise their management and product quality levels to international standards.

In 2016, a total of 79 cases were resolved via management system consulting services. There were 37 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 2016, a total of 311 applications were awarded certification. There were nine test categories under the External Testing Relay Service. A total of 1,083 applications were filed during 2016.

CPPTM continued to help local organisations to implement the ISO 14001 environmental management system, as well as realising green purchasing, understanding energy management, referring to the sustainable development report framework promulgated by the Global Reporting Initiative (GRI) and enhancing understanding of corporate social responsibility. CPPTM continued to hold the 10th Envirokids Program – Children's Environmental Protection Action.

## **Information Technology Application and Training**

The Cyber-Lab provides Macao students and working adults with the most comprehensive and professional information technology training programmes. In 2016, the Cyber-Lab continued to implement the gifted student training programme, providing information-technology-specific courses targeted at gifted secondary school students. There were 29 participants in the programme.

CPPTM is committed to assisting SMEs to adopt information technology, providing information system application support services, and promoting the application of freeware and providing related support services. In 2016, it provided technical support for various enterprises on 169 occasions. In addition, it continued to upload information about procurement for large enterprises on the dedicated SME website that was established in 2015, so that SMEs can have a better understanding of matters that require attention for operation of large enterprises. A mobile app, ChoicePro, was launched in 2016, to further facilitate procurement matching between SMEs and large enterprises.

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

In 2016, CPPTM continued to join hands with the Science and Technology Development Fund

to co-organise exhibitor groups to participate in the China High-Tech Fair, in which 12 Macao enterprises and organisations participated. CPTTM continued to organise exhibitor groups jointly with the Macao Trade and Investment Promotion Institute and the Science and Technology Development Fund to join the China Cross-Strait Technology and Projects Fair. A total of 12 Macao enterprises participated in the fair, which mainly introduced and promoted environmental protection technologies and products of information technology development.

One of the long-term functions of CPTTM is to provide SMEs with various support services. In 2016, it handled 174 support cases.

## **World Trade Center Macau**

The goals of the World Trade Center Macau are to promote and expand trading opportunities beyond Macao, to assist individuals and enterprises in searching for international business opportunities, and to pioneer the exploration of new markets for Macao business organisations. Through the World Trade Center 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 China and Macao enterprises.

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

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

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

The main missions of EENCC Macao Office are:

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

## **Macao Industrial Parks Development Company**

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

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

In June 2004, the Government restructured Concordia Industrial Park Company (SPIC) to form Macao Industrial Parks Development Company, to develop and manage the Concordia Industrial Park, Zhuhai-Macao Cross-border Industrial Zone and other industrial parks. The MSAR and the Trade and Investment Promotion Institute own 60 percent and 40 percent shares of the company, respectively.

## **Labour Affairs Bureau**

The Labour Affairs Bureau is responsible for implementing policies concerning labour, employment, occupational safety and health, and vocational training. The Human Resources Office is mainly responsible for the administrative work related to employment of foreign workers. In order to better align labour resources with the needs of social development, in May 2016 the Government promulgated By-law No. 12/2016 on Organisation and Operation of the Labour Affairs Bureau, under which the Human Resources Office has been incorporated into the Labour Affairs Bureau. The functions of the Labour Affairs Bureau and its subordinate units have also been consolidated and rationalised.

## **Employment Services**

The Employment Department of the Labour Affairs Bureau assists job seekers looking for work in the private sector. Following the enactment of the new organisational law, the handling of applications for business licences by employment agencies, which was originally a function of the Employment Department, is now under the purview of the Labour Inspection Department.

In 2016, the Employment Department offered target-defined employment services. To facilitate employment of grassroots workers, the Department referred qualified job seekers to recruitment fairs for major construction projects and sent representatives to the recruitment activities of large enterprises to learn about recruitment needs. In 2016, job seekers attended 107 recruitment activities and 3,070 success cases were recorded.

To support youth employment, the department continued to organise various activities, including seminars on career planning, employment information or interview skills, as well as mock interviews. The department also organised the youth career expo to provide a matching platform for young people and enterprises. In 2016, 4,240 people attended the expo. A total of 61 enterprises offered nearly 3,000 job vacancies in about 40 job types.

The Employment Department also provided tailored employment counselling and referral services to the long-time unemployed and new immigrants, serving a total of 55 people. The department also provided one-stop comprehensive services to those who came for help after being dismissed by their former employers. In 2016, the department provided one-stop services to 192 people, of whom 34 have already found a job.

In 2016, the Employment Department recorded 13,689 job-seeking applications, of which 81 were from disabled persons, which were followed up by a dedicated task force under the department. A total of 29,292 referrals and matches were made according to the requirements of employers and the qualifications of job seekers, resulting in 10,353 people attending employment interviews, and 2,189 successful matchings (36 of which involved disabled persons). Successful matchings involved 75 different occupations.

## Vocational Training

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

In 2016, the Vocational Training Department responded to changes and needs in the economy and the labour market by organising vocational courses that aimed at upgrading skills, certification-linked training, employment-linked training and participation by enterprises. The courses it provided in 2016 were attended by 6,219 persons.

### Statistics on Vocational Training Department Students 2016

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Occupational training	Apprentice training (2-year full-time)	F. 3 graduate or above aged 14-24; to foster the skills and knowledge required by various professions among young people	6	84	2	13	69.2%

(Cont.)

### Statistics on Vocational Training Department Students 2016

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Continuous training	Industry-specific development training	The currently employed; to raise the professionalism of industry professionals	184	4,295	167	3,492	--
	Facility maintenance skills training (on-the-job paid training)	Lower ranking staff and newly recruited repair workers; the currently employed who wish to change their jobs; to provide multiple-skill training in facility maintenance	21	382	21	375	--
	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	18	452	18	440	--

(Cont.)

### Statistics on Vocational Training Department Students 2016

Training system	Training mode	Target participants	Number of courses	Number of students	Number of courses completed	Number of students who completed the course	Rate of successful employment one month after course completion
Continuous training	Vocational skills pre-examination study course	For those who have signed up for vocational skills assessment; to provide focused revisions and information about examination rules	60	1,006	60	1,006	--
	<b>Total</b>		<b>289</b>	<b>6,219</b>	<b>268</b>	<b>5,326</b>	<b>--</b>

### Skills Evaluation

In 2016, the Labour Affairs Bureau issued a total of 3,282 vocational skill certificates of various kinds. Breaking the figure down by sectors, the certificates mainly involved the real estate industry, the engineering and maintenance industry and personal care industry, accounting for 57.6 percent, 29.9 percent and 3.2 percent, respectively.

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

### Vocational skill competitions

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

In October 2016, the Labour Affairs Bureau led a delegation to Guangzhou to participate in

the Ninth Guangzhou/Hong Kong/Macao/Chengdu Youth Skills Competition. There were five events in the competition. Contestants from Macao won the bronze prize in Visual Merchandising and Window Dressing, and merit prizes in IT Network Systems Administration and Web Design.

## Labour Regulations

In the area of labour rights, duties and protection, the Labour Relations Law (Law No. 7/2008), the Law on Employment of Non-Resident Workers (Law No. 21/2009), the Compensation Mechanism for Labour Accidents and Occupational Diseases (Decree-Law No. 40/95/M), and the Law on Minimum Wage for Cleaning and Security Workers of the Property Management Industry (Law No. 7/2015) set out the minimum statutory requirements and protection for employees at work, balancing the legal interests of both employers and employees. The Workers' Credit Rights Protection Scheme (Law No. 10/2015) establishes a protection scheme on credit rights arising from labour relations, to ensure that payments are made in relation to credit rights not fulfilled by debtors. The bureau has consistently implemented the Framework Law on Employment Policy and Workers' Rights (Law No. 4/98/M), ensuring that when employing non-resident workers, the employer must assure employment priority for local employees, and ensure equal rights, working conditions and benefits for local and non-resident workers.

## Labour Relations

The Labour Inspection Department under the Labour Affairs Bureau provides free consultancy services on labour regulations to local citizens, accepts and mediates in labour-relations, and monitors enterprises' compliance with labour regulations. After the enactment of the new organisational law, the department is also responsible for handling applications for business licences by employment agencies, while compensation and penalty procedures regarding industrial accidents and occupational diseases are now handled by the Occupational Safety and Health Department. To effectively monitor the employment conditions of foreign workers and curb illegal employment, the Labour Inspection Department, the Public Security Police, and the Macao Customs Service jointly or independently carried out regular or non-regular inspections, according to their authority.

In 2016, the Labour Inspection Department provided 5,642 consultations about labour regulations to enquirers visiting the office. Of the individuals who sought assistance, 84.8 percent were employees and 15.2 percent were employers. Most enquiries were from cultural, entertainment, gaming and other service industries, as well as from the construction industry. Consultation topics were mainly related to dismissal compensation, contract termination and wages, which accounted for 15.5 percent, 13.1 percent and 10.6 percent of all enquires, respectively. There were 17,113 enquiries via telephone.

A total of 2,548 complaints received from 5,360 employee enquiries were handled, 16.5 percent less than in 2015. Most involved wages (18.8 percent), mandatory leave (12.1 percent) and dismissal compensation (11.2 percent). Categorised by industry, most complainants were from construction (49.9 percent), followed by hotels and catering industry (11.4 percent), and cultural, entertainment, gaming and other service industries (10.7 percent).

In 2016, there were 4,412 complaints related to employment disputes, illegal employment and

other cases settled, involving 6,830 employees and 2,747 workplaces. Of the 2,686 creditors' rights issues involved in the employment disputes, 234 required transferral to trial by the judiciary, accounting for 8.7 percent of total creditors' rights issues – mainly concerning wages, mandatory leave and weekly leave, with the rest being resolved by the department itself. Creditors' rights arising from employment disputes totalled 104 million patacas, involving 5,761 employees.

In 2016, the Labour Inspection Department received notifications of 178 cases of agreement on lowering basic remuneration, involving 1,150 local employees, and 190 non-resident employees. Two of the notifications received required filing and follow-up due to alleged breach of reduction of employees' basic compensation, involving 36 employees, all of whom were local employees.

In the department's efforts to combat illegal employment, 866 cases of illegal employment were filed, in accordance with the Regulation on the Prohibition of Illegal Employment (By-law No. 17/2004) and the Law on Employment of Non-resident Workers (Law No. 21/2009) and its relevant supplementary laws. After investigation, in 2016, 1,289 offenders were penalised for breaches of the law, with fines imposed totalling 14.31 million patacas. In these cases, 318 non-local residents were found to be working for others in the MSAR without permits. Also, 353 non-local residents were found to be engaged in activities for their own benefit. Individuals in the two groups were fined a total of 8.65 million patacas.

In 2016, 250 applications for business licences by employment agencies were received. A total of 76 cases involving alleged breach of law by employment agencies were filed. These cases involved 78 activities, which mainly included operating without a licence, registration and arrangement for employment of non-residents, collection of charges, and salary payment by an intermediary, accounting for 45 percent of the total. Upon investigation, four of the activities were confirmed to be illegal.

In 2016, 305 enquiries made via telephone and 30 enquiries made in person were received. Eight cases involving 10 employees were filed in this regard, which were mainly complaints on wages and dismissal compensation. Among the six investigated cases, no contravention of the Framework Law on Employment Policy and Workers' Rights was found.

According to the legal regulation of the Workers' Credit Rights Protection Scheme, the administrative and technical support for the Protection Fund for Creditors should be provided by the Labour Affairs Bureau. In 2016, 379 employees applied for protection of workers' credit rights. Advice on all of these applications was provided within 60 days as required by the law.

Regarding labour inspection, the Labour Inspection Department proactively takes preventive inspection measures and promotes the laws; improves the exit mechanism for non-local employees; and establishes a joint exit mechanism for non-local employees, as well as a cross-departmental task force with the Public Security Police. In 2016, 58 inspections were conducted on major construction sites, collecting 2,635 copies of particulars of employees, to monitor employers' compliance with labour laws and protect the legal labour rights of employees. Nine briefing sessions on exit mechanisms were held for contractors of and employees working in construction sites, to explain to them matters that require attention by employers and labour rights of employees upon termination of employment. Compared with 2015, the number of people complaining about labour rights of employees in the construction sector decreased by 30 percent in 2016, showing that the measures were effective in reducing the number of cases of labour disputes.

“Services on the Doorstep” are provided by giving legal enquiry services in property management enterprises, construction sites, employment agencies, etc. Guidance is provided to employers on compliance with labour and relevant laws to familiarise them with the rights, responsibilities and protection. The department also organised various types of presentations on labour laws for our partners and social groups, to promote the laws through a face-to-face and question-and-answer approach. In all, 39 presentations were conducted in 2016, with more than 2,000 participants.

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

## Occupational Safety and Health

The Occupational Safety and Health Department under the Labour Affairs Bureau was responsible for addition work related to compensation and punishment procedures for industrial accidents and occupational diseases. In 2016, it conducted the following regular inspections, industrial accident investigations, occupational health medical check-ups and related measures:

Work item	Target	Number of inspections	Number of suggested improvements	Other actions
Routine safety and health inspection	Construction sites (1,383 sites)	3,149	1,558	Filed disciplinary actions against 150 construction sites involved in minor contraventions with penalties of 700,000 patacas imposed. It was ordered that work be suspended in 18 cases due to high risk. Filed disciplinary actions against 107 employers and individuals for contraventions of relevant regulations of occupational safety card of the construction industry, with penalties of 55,500 patacas imposed.
Routine safety and health inspection	61 hotels	70	54	--
	7 industrial premises	10	54	--

(Cont.)

Work item	Target	Number of inspections	Number of suggested improvements	Other actions
Safety inspection jointly conducted with other departments	210 enterprises	310	282	--
Industrial accident investigation	8,672 filed cases	-	-	Completed 3,729 cases involving claims amounting to 750 million patacas and 3,110 people
	36 construction sites	36	-	Filed disciplinary actions against 29 construction sites involved in minor contraventions with penalties of 182,000 patacas imposed. It was ordered that work be suspended in 12 cases.
	1 industrial premise	1	-	It was ordered that work be suspended in one case. A penalty of 2,000 patacas was imposed.
	3 commercial premises	3	-	Filed disciplinary actions against three construction sites involved in minor contraventions with penalties of 5,000 patacas imposed
Occupational health medical check-up	Assisting 202 Macao SMEs (including construction sites, hotels, etc.) in providing occupational health medical check-up, and providing such check-up in occupational safety and health promotion activities, courses and seminars, involving 1,291 employed and under-aged workers	6,994	3,855	--

(Cont.)

Work item	Target	Number of inspections	Number of suggested improvements	Other actions
Sampling assessment of employers of organisations using high noise-level equipment, according to Decree-Law No. 34/93/M	7 organisations using high noise-level equipment involving 557 employees	0	0	Filed cases for three employees who were suspected to suffer occupational deafness.

## Occupational safety and health training in 2016:

Course/activity	Number of classes	Number of participants	Number and types of certificates awarded
Occupational safety and health seminar	188	12,143	--
Occupational safety and health training module	118	2,509	2,461 (certificate of competency)
Temporary anchor devices courses	4	44	44 (certificate of competency)
Certificate course on safety inspection practices for lifting appliance (organised jointly with Macau Construction Safety Association)	1	34	23 (certificate of competency)
Construction industry occupational safety cards training courses and public examinations	936	31,534	29,382 (occupational safety cards)
Construction industry occupational safety cards refresher courses and public examinations	534	7,409	7,154 (occupational safety card renewals)
Assistant construction safety supervisor certificate courses (organised jointly with Macau Construction Safety Association)	8	280	203 (certificate of competency)

(Cont.)

Course/activity	Number of classes	Number of participants	Number and types of certificates awarded
Construction safety supervisor certificate courses (organised jointly with the University of Macau)	4	223	177 (Construction safety supervisor qualification)
Construction safety supervisor certificate courses (organised jointly with the Macau Productivity and Technology Transfer Centre)	1	20	20 (certificate of competency)
Safety auditor certificate courses (organised jointly with the University of Macau)	2	64	64 (certificate of competency)

Occupational safety and health promotional activities in 2016:

Activity	Number of participants	Number of participating individuals
Occupational safety and health promotional activities	117 construction sites	5,398
	24 hotels	1,188
	2 schools	52
Safety shoes promotion	22 enterprises	236
First-aid kit promotion	35 enterprises	-
Temporary anchor devices promotion	10 enterprises	-
Safety harness, fall-arresting device and independent rescue line (kit) promotion programme	13 enterprises	75
Construction industry occupational safety and health management – promotion programme on working on mobile platforms	64 enterprises	250

## Non-resident Workers Employment Department

The Non-resident Workers Employment Department (former Human Resources Office) is mainly responsible for administrative work related to employment of foreign workers.

The Government imports non-resident labour on the main premise that the employment and labour rights of local employees are not harmed, whilst ensuring the continuous and stable development of Macao's economy. During 2016, the Non-resident Workers Employment Department and former Human Resources Office handled 43,805 applications for work permits for professionals, non-professionals, domestic helpers, importation of non-resident workers and renewal of permits, transfer of professional non-resident employees, and activities for personal interest. Of these applications, 19,036 were for non-professional employees, 3,467 were for professional employees and 21,286 were for domestic helpers. Also, there were 16 applications for work permits to engage in activities for the applicants' personal interest, with follow-up action on statements of objection and petitions. At the end of 2016, there were 177,638 employees with non-resident ID cards in Macao.

Since early September 2016, the quota cap for the import of mainland Chinese (Guangdong Province and Fujian Province) domestic workers to Macao has been removed. As at the end of December 2016, a total of 232 mainland Chinese domestic workers were working 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 consumers' rights protection cooperation agreements with consumers' rights protection authorities of various countries and regions, 43 mainland China provinces and cities, Hong Kong and Taiwan. It also formed an alliance network with consumer protection units in the "9+2" PPRD region. In these networks, the signatories exchange relevant information and undertake various cooperative programmes.

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

## Consumer Arbitration Centre

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

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

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

By 2016, 1,449 active companies had joined the Consumer Arbitration Centre. They included Chinese and western pharmaceutical businesses, department stores, supermarkets, catering companies, jewellery and timepiece shops, insurance agencies, laundry and dyeing companies, beauty and fitness centres, mobile telephone companies, computer products companies, travel agencies and real estate agencies.

## Consumer Rights

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

Consumers have the right to receive health protection and be safeguarded against dishonest and irregular practices relating to the promotion or provision of goods or services; to receive guidance and be informed; to be safeguarded against risks that could damage their interests; to be protected against any loss and to receive compensation; and to be treated fairly and be able to participate in the legal and administrative defence of their rights and interests.

To promote consumer rights and the relevant law, the Consumer Council published the first Consumer Report in July 1993. By December 2016, the publication saw its 280th issue, with a monthly circulation of 5,000 copies.

## Complaints

In 2016, the Consumer Council received 1,673 complaints and 4,711 enquiries. The number of cases handled totalled 6,420, including 36 suggestions. The complaints mainly concerned disputes arising from the quality, maintenance and sales approaches of communications equipment, as well as from consumer activities involving real estate, telecommunications services, public transport, food products and beverages.

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 6,500 complaints and enquiries received, about 10 percent were made by tourists.

## Research and studies

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

To keep pace with the development of the information era, the Consumer Council has launched several mobile phone apps. In 2016, a mobile app known as the Macau Price Information Platform

was developed to incorporate existing mobile apps including Macao Supermarket Price Information Platform, Macao Fuel Price Information Platform and Certified Shop. It provides information on everyday prices in the markets, and so provide a one-stop information service platform for consumers to check prices and information about certified shops.

## Yearly Quality Mark of “Certified Shops”

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

To qualify for membership of the Consumer Arbitration Centre and receive a “Certified Shop” emblem, a shop must not have had any complaints filed against it within the previous year. As at the end of 2016, the Consumer Council had issued the “Certified Shop 2017” emblem to a total of 1,157 establishments.

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

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

The Consumer Council has also formulated a code of practice for each industry sector in keeping with social developments. At present, 17 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, furniture retailing, and watch and clock retailing – have implemented these codes of practice. The Consumer Council has also established a mechanism to assess whether the Certified Shops implement their general pledges and codes of practice.

## Statistics and Census Service

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

### Official Statistics

Under Decree-Law No. 62/96/M promulgated on 14 October 1996, all statistical information compiled by government statistical agencies is regarded as official. Another statistical agency is the

Monetary Authority of Macao, which is responsible for information regarding finance, currency, foreign exchange and insurance business.

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

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

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

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

## **Dissemination of Information**

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

## **Trial for 2016 By-Census**

The purpose of the 2016 Population By-Census conducted by the DSEC from 7 to 21 August 2016 was to update Macao's population database before the next population census, in order to have a timely understanding of the changes in population. The By-Census collected data in a paperless manner for the first time, and the response rate met the expected level. The initial and overall results of the 2016 Population By-Census were announced by the end of 2016 and in April 2017, respectively.

## **First Analysis Report on Statistical Benchmarks for Macao's Adequate Economic Diversification Released**

To better reflect the adequate economic diversification of Macao, in 2015 the DSEC commenced the establishment of the statistical benchmarks for adequate economic diversification of Macao. After nearly two years of foundation study, item adjustment, data collection and consolidation of information, the auditing of data as at 2015 has been completed. The first analysis report was released in late 2016.

## **First Release of Property Price Index Study Results**

In response to public concern regarding the changes in property prices, in addition to regular announcements of the average transaction price of residential units, the DSEC has invited the University of Macau to study the compilation of a property price index of Macao. The results of the study were announced in late October 2016. The compilation of the property price index will be conducted regularly and further refined. The annual and quarterly indexes were expected to be announced in the first quarter of 2017, for reference by different sectors of society.

## **First Release of Statistics of Survey on Situation of Catering and Retail Industries**

Starting from January 2016, the DSEC has conducted monthly surveys on the situation of catering and retail industries. Monthly business data and estimates by interviewed merchants are collected, to provide a timely picture of the industries' business situation. The statistics have been announced every month from September 2016.

## **First Release of Statistics on Cultural Industry**

Work on statistics regarding the cultural industry is conducted by the Industrial Statistics and Assessment Indicators Group under the Committee for the Cultural Industry of Macao SAR, in accordance with the related statistical framework established under the Policy Framework for the Development of the Cultural Industry of Macao. In 2016, the DESC commenced a statistical survey on several items in four categories: creative design, cultural exhibitions and performances, art collections and digital media. Statistics were then compiled upon incorporation of the results of the survey on relevant industries conducted by the DESC, to reflect the contribution of the cultural industry to Macao's economy. The survey results were announced in late 2016.

## **Launch of Official WeChat Account and Mobile App**

In the first half of 2016, the DESC launched its official WeChat account. The major functions include notifications on information updates and answering enquiries on major statistic indicators, providing easy public access to official statistics. Followers of the official WeChat account may also obtain necessary statistical data and gain statistical knowledge through the interactive enquiry function and thematic infographics.

## **Preparation for Household Income and Expenditure Survey 2017/2018**

The Household Income and Expenditure Survey is a major statistical project conducted by the DESC once every five years. Its purpose is to collect details on Macao household income and expenditure, in order to update the goods and services and weight of the consumer price index, and to adjust the figures on individual consumption expenditure in GDP. The DESC will begin collecting data for the Household Income and Expense Survey 2017/2018 in 2017. The data collection period is from early October 2017 to late September 2018. To ensure smooth operation of the survey, preliminary

work – including sampling and questionnaire design – began in the second half of 2016.

## **Launch of Tourists Statistics Database in 2017**

The DESC launched the tourist statistics database in 2017. It contains tourists' information by place of issue of passport, nationality, inbound channel, gender and age group.

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

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

Since its establishment, the supporting office has diligently coordinated with and assisted the Permanent Secretariat in various aspects of implementing the Framework of Economic and Trade Cooperation, particularly in promoting governmental and civil cooperation between China (including Macao) and Portuguese-speaking countries in trade, investment, agriculture, fisheries and livestock breeding, infrastructure construction, natural resources and environmental protection, education and human resources, tourism, transportation and telecommunication, financial system, culture and television, and sports and healthcare.

In 2016, following the financial directive of the Government, the supporting office pressed forward with organising the Fifth Ministerial Conference of the Forum for Economic and Trade Cooperation Between China and Portuguese-speaking Countries. The office also made use of the function of Macao as the platform for trade and investment promotion, human resource cooperation and cultural exchanges, in synergy with China's Belt and Road initiative and 13th Five-year Plan.

## **The Fifth Ministerial Conference of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries**

The Fifth Ministerial Conference of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries has achieved fruitful results. Premier Li Keqiang announced 18 new initiatives at the opening ceremony of the meeting. The participating countries signed the Action Plan for Economic and Trade Cooperation 2017-2019, and the Memorandum of Cooperation on Promotion of Productivity. Several cooperation agreements were signed in the Conference for Entrepreneurs and Financiers, which was held during the same period. Various participating countries had in-depth exchanges with Macao's heads of economic and trade departments, entrepreneurs and financiers.

This conference has manifested Macao's function as the trade and economic cooperation

services platform between China and Portuguese-speaking countries, and resulted in a new round of development opportunities for Macao's adequate economic diversification.

## Promotion of Trade and Investment

In 2016, the supporting office initiated trade and investment promotion activities through participating in conferences and exhibitions, organising meetings, and arranging for visits. It participated in the 2016 MIECF, the 21st MIF, the seventh International Infrastructure Investment and Construction Forum, the fourth Macao International Travel (Industry) Expo, the 119th and 120th Canton Fairs, Exchange Conference of the Standing Committee of Guangdong Provincial People's Congress, Legislative Assembly of MSAR and regional councils of Portuguese-speaking countries. It also participated in the Dynamic Macao Business and Trade Fair in Jiangmen (Guangdong), Kunming (Yunnan) and Fujian (Xiamen), and set up exhibition areas for Portuguese-speaking countries in some of the expos. Meetings held included the fifth Summit for Commercial and Industrial Development of Jiangsu, Macao and Portuguese-speaking Countries, Fujian, Macao and Portuguese-Speaking Countries Economic Exchange Networking Session, High-Level Seminar on Finance and International Co-operation for Productivity, Meeting of the Working Group for Promoting Agricultural Co-operation under the Summit for Commercial and Industrial Development of Jiangsu, Macao and Portuguese-speaking Countries. The office attended the China (Zhuhai) Medical and Healthcare Industry Roundtable, and seminars and workshops about Portuguese-speaking countries.

Regarding visits, the supporting office participated in the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries - Guinea-Bissau 2016, and visited Portugal during the trip. The office also visited places in mainland China including Beijing, Ningbo, Zhoushan and Hangzhou. According to the record, the supporting office organised and participated in 87 activities, set up five exhibition areas for Portuguese-speaking countries, and received 22 groups and organisations in 2016.

Through a series of investment promotion activities, exchanges of information are fostered, and the promotion platform for Macao is expanded. Hence the activities are conducive to market expansion and expansion of business connections with the countries along the Belt and Road by enterprises of Macao and Portuguese-speaking countries.

## Human Resource Cooperation and Cultural Exchanges

The supporting office organised three rounds of seminars on the development of SMEs, public administration and traditional medicine. Three internship programmes were also arranged, to allow officials of Portuguese-speaking countries to have internship training with MSAR government departments. The office assisted the attendees to conduct research and studies in Macao and certain provinces and cities in mainland China, providing training to nearly 100 people of Portuguese-speaking countries. The office continued to organise a series of activities for the 8th Cultural Fair of China-Portuguese-speaking Countries, to further enrich the special mix of Chinese and Portuguese culture in Macao.

## Financial Intelligence Office

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

Starting from November 2006, the Financial Intelligence Office has been receiving reports on suspicious transactions. In 2016, it received more than 2,300 reports from financial services, gaming and retail trade industries. After analysing and processing them, the office reported some of the cases to the Public Prosecutions Office.

Macao is a member of the Asia-Pacific Group on Money Laundering (APG). All APG members are required to undergo a common assessment to make sure that they are in compliance with the requirements suggested by FATF regarding anti-money laundering and combating financing of terrorism. In 2007, it was stated in the APG common assessment report that the SAR's performance in combating money laundering and financing of terrorism was satisfactory.

In 2016, 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 revised 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. APG is conducting a new round of common assessment on Macao; the report on this will be approved in July 2017.

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

In the area of international cooperation, the Financial Intelligence Office joined the Egmont Group in May 2009, and looked towards promoting connections and collaboration with even more countries and regions. It also signed memorandums on cooperation with the financial intelligence bodies of 18 countries and regions: mainland China, Portugal, Hong Kong, Korea, Indonesia, the Philippines, Malaysia, Japan, Thailand, Singapore, Fiji, Australia, the United States, the Russian Federation, the United Kingdom, Bangladesh, Canada and Israel. 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 2016, the council held 16 meetings: four plenary meetings and 12 executive committee meetings.





# 中國—葡語國家經貿合作論壇（澳門）第五屆部長級會議

5. Conferência Ministerial do Fórum para a Cooperação Económica e Comercial entre a China e os Países de Língua Portuguesa (Macau)

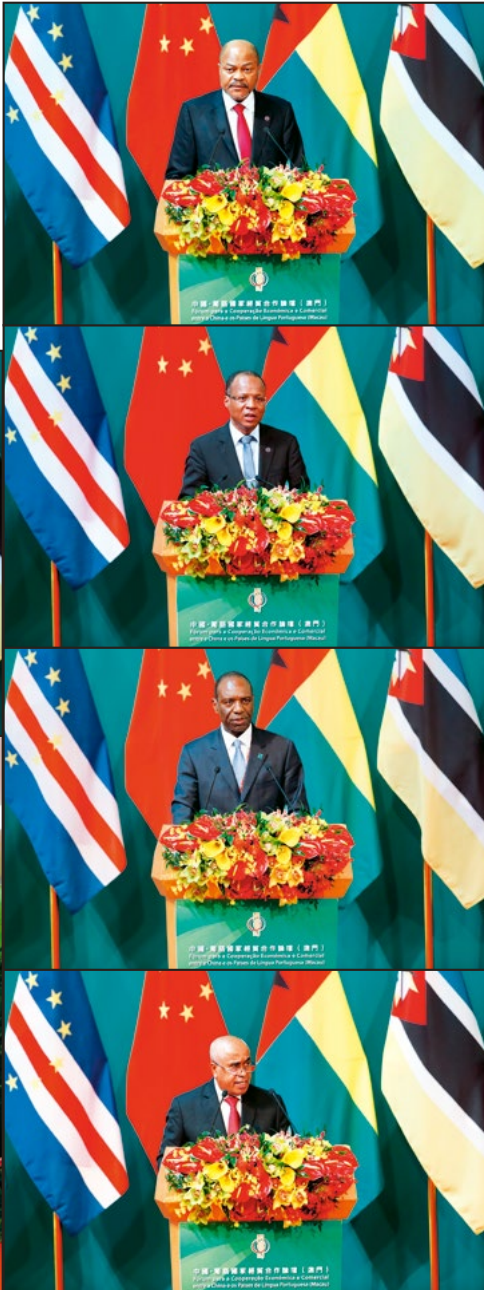
邁向更加堅實的中葡經貿關係：  
共商合作·共建平台·共享發展

開幕式  
Cerimónia de Abertura

Rumo à Consolidação das Relações Económicas e  
Comerciais entre a China e os Países de Língua Portuguesa:  
Unir Esforços para a Cooperação  
Construir em Conjunto a Plataforma  
Partilhar os Benefícios do Desenvolvimento

**Forum for Economic and Trade Cooperation  
Between China and Portuguese-speaking  
Countries**





The Fifth Ministerial Conference of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries was held from 11 to 12 October, with the theme “Moving towards a Stronger China-Portugal Trade and Economic Relationship: Jointly Discussing Cooperation, Constructing a Platform and Sharing Development.” Premier Li Keqiang delivered a keynote speech at the opening ceremony.

The meeting was attended by delegations from China and seven Portuguese-speaking countries – Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and Timor-Leste.