



Macao

The Macao Special Administrative Region of the People's Republic of China (MSAR), established in 1999, is a former Portuguese colony located on the western shore of the mouth of the Pearl River. Like Hong Kong, the Macao SAR retains a high degree of autonomy in its political, legal, social, and economic systems. The future bridge linking Macao to Hong Kong, completion of which is anticipated by 2015, will greatly expand interaction between these two cities.

Though it is a small economy, with a GDP of US\$11.56 billion, Macao has the second highest per capita GDP in the region after Hong Kong. The only location in China to allow casinos, Macao overtook Atlantic City in 2004 to become the world's second largest gaming market and its gaming revenues are fast approaching those of Las Vegas Strip. Macao's gaming and tourism-related sectors are continuing to attract massive investment from overseas and local players. With more than US\$20 billion committed to hotels and casinos over the next five years, Macao is undergoing a dramatic transformation into one of the world's premier gaming-and-resort destinations.

Macao in figures*

Total area (square kilometres)	27.5
Population 2005 (million persons)	0.49
Total GDP in 2005 (US\$ billion)	11.56
Total GDP in 2004 (US\$ billion)	10.34
– GDP in primary sector in 2004 (US\$ billion)	-
– GDP in secondary sector in 2004 (US\$ billion)	1.16
– GDP in tertiary sector in 2004 (US\$ billion)	9.18
Real GDP growth 2005 (percent)	11.7
Official per capita GDP in 2005 (US\$)	24,277
Gross industrial output in 2004 (US\$ billion)	2.10
Total trade in 2005 (US\$ billion)	6.39
Imports in 2005 (US\$ billion)	3.91
Exports in 2005 (US\$ billion)	2.47
Growth in exports 2005 (percent)	(12.1)
Foreign direct investment in 2004 (US\$ billion)	0.50
Total retail sales of consumer goods in 2005 (US\$ billion)	1.10
Growth in consumer goods retail sales 2005 (percent)	16.77

* Note: The Macao Statistics and Census Service (DSEC) categorises the 2005 figure for population as provisional and the 2004 GDP breakdown by sector as subject to future revision.

Leading industries

Macao's leading industries by gross industrial output are wearing apparel and textiles, which together account for 75 percent of manufacturing GDP. Less than 15 percent of Macao's total workforce is engaged in the manufacturing sector.



Macao – top manufacturing industries by gross industrial output 2004 (US\$ million)

1. Manufacture of wearing apparel; dressing and dyeing of fur	1,098.21
2. Manufacture of textiles	353.63
3. Manufacture of office, accounting and computing machinery	52.19
4. Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear	52.17
5. Publishing, printing and reproduction of recorded media	41.91
6. Manufacture of other non-metallic mineral products	32.36
7. Manufacture of food products and beverages	31.05
8. Manufacture of electrical machinery and apparatus not elsewhere classified	9.98
Others	94.61

The bulk of Macao's GDP comes from the service sector. The gaming industry is by far the dominant sector. In 2004, nearly 39 percent of the gross value added to GDP came from this sector. This sector is set for further growth following the liberalisation of the gaming industry. Macao also hosts regional and international events such as the 4th East Asian Games held in 2005 and the annual motor racing Grand Prix. Aside from tourism, Macao's public administration; wholesale, retail, and repair sectors; financial intermediation; and real estate trade also play an important part in the Macao SAR's economy.

Macao – top service sectors (US\$ billion) 2004 (estimated)

1. Gaming services	3.88
2. Public administration	0.69
3. Wholesale, retail, repair	0.62
4. Financial intermediation	0.61
5. Real estate trade	0.57

Economic plans

Like Hong Kong, Macao adopts an open approach to economic policy and planning, giving full play to market forces within the political and legal systems under operation in the Macao SAR. The government has given priority to major infrastructure projects designed to improve the flows of people and goods between Macao's islands and across the border to Zhuhai. Going forward, there will be continued emphasis on upgrading tourist, leisure, convention, and exhibition infrastructure, facilities, and service levels, and developing Macao as an upscale destination for both day trips and extended stays. Other priority areas for the Macao government include Chinese medicine, air transport and logistics, and trade and commercial intermediary services.

Development zones and industrial parks

Macao largely relies on private sector funding for undertakings such as industrial parks. The Concordia Industrial Park (SPIC), set up in 1993, is run as a private company in which both the Macao SAR and Macao Trade and Investment Promotion Institute (IPIM) have stakes. In September 2001, Macao's New Technologies Incubator Centre (Manetic) was set up with the aim of accelerating the development of Macao's information technology sector. The government owns 15 percent of this company with the remainder being funded by private business. The government has also set up the Macao Business Support Centre (MBSC) to provide small to medium sized enterprises and foreign investors with support and information related to starting and running a business in Macao. The first phase of the Zhuhai-Macao Cross Border Industrial Zone has opened on reclaimed land located between the two jurisdictions.

Foreign investment

Foreign investment into Macao more than tripled from 2001 to 2004 and is slated to increase substantially in the future. Macao has a variety of foreign investors, particularly in the retail and service sector. Big names from the world's major hotel chains, such as Holiday Inn, Hyatt, Mandarin Oriental, and Westin, all have established hotels in the area. Western food outlets include McDonald's, Pizza Hut, and Starbucks. For business services, the major names in banking, insurance, auditing, and related sectors are in Macao, as well as logistics players such as DHL, Federal Express, and UPS. The authorities in Macao are keen to attract foreign investment and to this end provide incentives in the form of tax exemptions and subsidies for various activities.

Previous foreign investment projects have been dwarfed by recent commitments to develop the gaming, hotels, and conventions sector. On the Macao Peninsula, the first Las Vegas-style casino, the Sands Macao, opened in 2004. In September 2006, Wynn Resorts opened Wynn Macau, a 600-room resort and casino complex. Galaxy Casino Company's flagship 500-room hotel and casino, StarWorld, is scheduled to open in late 2006. MGM Grand Paradise, a joint venture between MGM Mirage and investors affiliated with Sociedade de Jogos de Macau (SJM), is constructing the MGM Grand Macau, a US\$1.06 billion project. This 600-room resort hotel, casino, and convention complex is expected to open in 2007.

On the 'Cotai Strip', an area of reclaimed land linking the islands of Taipa and Coloane, Las Vegas Sands is developing the US\$1.8 billion Macao Venetian Casino Resort, a flagship resort, gaming, convention and trade fair complex to open in 2007. The first phase also will include additional hotel resorts managed by the Four Seasons, Shangri-La, Sheraton, St. Regis, Traders, and Hilton, among others, for more than 10,000 guest rooms in total. Also on the Cotai Strip, Melco International Development Ltd. has a joint venture with Publishing & Broadcasting Ltd. of Australia to develop a large resort, casino and

entertainment complex, 'City of Dreams'. This massive expansion in capacity will primarily target visitors from the Chinese Mainland and elsewhere in Asia. Inflows of tourists from the Chinese Mainland are growing rapidly thanks to the Chinese Mainland's relaxation of restrictions on individual travel.

Transport linkages

The future bridge between Macao and Hong Kong will make it possible to drive between Macao and Hong Kong Island in about 45 minutes. A number of recent infrastructure projects have improved the transportation network within Macao and its linkages with other areas in the Greater Pearl River Delta region. In particular, a new bridge linking Macao to Zhuhai has improved access to the airport. As of June 2006, Macao had officially signed aviation service agreements with 39 countries. Macao International Airport also has extensive links to Chinese Mainland destinations. The airport plays an important role in serving Taiwanese business people en route to the Chinese Mainland. In recent years, discount airlines have introduced flights between Macao and Southeast Asia.

Macao is approximately a 3 hour 30 minute to 4 hour drive from Guangzhou and a 4 hour 30 minute to 5 hour drive from Hong Kong. Frequent bus and ferry services link Macao with locations within Guangdong Province. It takes roughly 1 hour to reach Hong Kong by high-speed ferry, or 15 minutes by helicopter.