

Economic diversification

During the 20 years since the establishment of the Macao Special Administrative Region (SAR), with the support of the country, Macao leveraged its advantages and enhanced regional cooperation to gradually optimise its industrial structure. As one of the core economic pillars, tourism saw a solid growth, while other nascent industries – such as convention and exhibition, traditional Chinese medicine, specialised financial services, and cultural and creative industries – also steadily developed to achieve considerable results.

As at the end of 2018, the total added value of convention and exhibition, traditional Chinese medicine, specialised financial services and cultural and creative industries recorded an increase of 36.5 percent compared with 2015, representing 8.08 percent of the total added value of all industries. Initial results of adequate economic diversification are apparent.



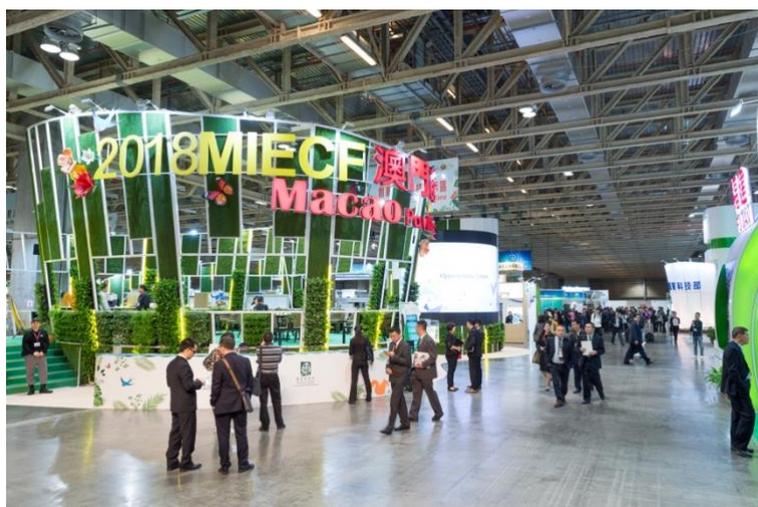
Branding Macao as the best Asian city for holding conventions and exhibitions

Convention and exhibition is among the nascent industries that are particularly fostered by the Macao SAR Government, and has achieved good progress in terms of quantity and quality, as well as internationalisation and marketisation. In 2018, Macao hosted 1,427 conventions and exhibitions, receiving

approximately 2.122 million participants and visitors. In 2018, after deducting intermediate consumption, conventions and exhibitions contributed a total added value amounted to 3.52 billion patacas, representing an increase of 77.8 percent compared to 2016 and 0.8 percent of the total added value of all industries. The Global Association of the Exhibition Industry (UFI) ranked in 2018 Macao as the most outstanding exhibition market in Asia in the past five years.

The Macao SAR Government has proposed a development strategy prioritising conventions, enhanced policy support for the convention and exhibition industry, and ongoing upgrading of professional standards and effectiveness of convention and exhibition events, to attract more quality business visitors.

Macao has become the host of several large-scale international branded exhibitions, including the forthcoming UFI Asia Pacific Regional Conference in 2020; the eighth APEC's Tourism Ministerial Meeting in 2014; and the International Infrastructure Investment and Construction Forum (IIICF), which has been held in Macao since 2012. These are important platforms for exchanges regarding experience arising from cooperation in and results of the "Belt and Road" initiative.



Macao has also developed local branded conventions and exhibitions that are globally recognised, including Macao International Trade and Investment Fair (MIF), Macao International Environmental Co-operation Forum (MIECF), Global

Gaming Expo Asia (G2E Asia) and China (Macau) International Automobile Exposition. The Government has also appointed six renowned professionals from Macao and overseas as “conference ambassadors”, to actively seek opportunities for hosting more international conventions in Macao, and enhancing exchanges between Macao and the world.

Macao's unique geographical location, convenient transport network, quality convention and entertainment facilities, and abundant human resources provide advantageous conditions for developing the convention and exhibition industry. Currently, Macao provides more than 190,000 square metres of exhibition floor space, almost 12 times the area in 2005. Upon completion and commencement of operations of new venues, the total area of exhibition space will increase to over 210,000 square metres by 2021.

The rapid growth of the convention and exhibition industry has boosted employment in the sector, with the number of employees increasing from 200 in 2001 to over 3,000. The quality of professional services also continues improving.



In recent years, Macao has achieved excellent results in Asian exhibition awards, such as the “Best MICE City – Asia” in the first “M&C Asia Stella Awards 2019” held in August 2019. The Macao Trade and Investment Promotion Institute received an award in 2018 of “Best Convention and Exhibition Bureau Award” from “TTG Travel Awards” and was presented with

the “Best Marketing-Destination” Award by MICE China Awards, proving that Macao’s convention and exhibition facilities and services are well recognised by the industry.

Conventions and exhibitions also bring in business visitors with spending power. According to data provided by the Statistics and Census Service (DSEC), in 2019, per-capita spending of exhibition visitors reached 4,358 patacas – the highest among all types of visitors, representing an increase of 49.8 percent over the previous year, and 1.7 times the figure for overall per-capita spending. The Government also organises and encourages exhibition visitors to shop in Macao, to boost community economic growth and hence promote development of the entire industrial chain.



Promoting industrialisation, standardisation and internationalisation of traditional Chinese medicine

Traditional Chinese medicine (TCM) is a treasure of Chinese culture, which also benefits the people of countries along the “Belt and Road”. Since the establishment of the Macao SAR, developments such as the World Health Organization (WHO) establishing the Macao WHO Collaborating Centre for Traditional Medicine in 2015, as well as tertiary education institutions in Macao establishing their traditional Chinese medicine education system and the State Key Laboratory for Quality Research in Chinese Medicine, have ensured Macao is capable of putting great effort into developing Chinese medicine

industry. Macao aims to industrialise, standardise and internationalise Chinese medicine, thus contributing to adequate economic diversification.

Jointly funded by the Macao SAR Government and the Guangdong Government, the Guangdong-Macao Traditional Chinese Medical Science and Technology Industrial Park, located in Hengqin New Area, commenced operations in April 2013. The industrial park is with the aim of establishing an international TCM quality control base and an international exchange platform for the healthcare industry, as well as to provide employment, entrepreneurship and training opportunities for talented young people. The industrial park has seen a total of 159 registered companies, with 39 Macao enterprises involving in TCM, health commodities, medical equipment, healthcare services and biomedical businesses.



Apart from building a platform for TCM development, the industrial park also helps to introduce quality TCM products and technology to Portuguese-speaking countries and European Union countries and, with Portuguese-speaking countries as an entry point, to achieve progress in international product registration and talent cultivation. For instance, six products from Macao and TCM companies on the mainland have been registered in Mozambique, two of the registered products are available for sale in Mozambique's local market, while the second batch is now being vetted.

The industrial park has also joined forces with Mozambique to organise TCM

training, to share TCM cooperation experiences and models with neighbouring African and Portuguese-speaking countries. From 2016 to 2019, the industrial park organised TCM exchange programmes each year, which enabled Chinese medicine practitioners from Macao and mainland China to visit Mozambique. Training courses on TCM specialised treatments were also organised for doctors, physiotherapists and pharmacists in local public hospitals, benefiting about 240 trainees to date. These trainees are now serving in public medical units across 11 provinces and cities of Mozambique, further realising the development strategy of promoting medicines through medical treatment services.

In 2018, the total added value of Macao's TCM industry reached 319 million patacas, representing an increase of 24.3 percent compared to 2015, and 0.07 percent of the total added value of all industries.

A platform benefiting development of Chinese-Portuguese specialised financial services

Macao's advantageous position as a platform between China and Portuguese-speaking countries benefits not only TCM internationalisation, but also the development of Chinese-Portuguese specialised financial services. With the support of the Central Government, the Macao SAR Government focuses on developing Macao as a “renminbi clearing centre”, a “corporate financing platform”, a “financial leasing platform”, and a “precious metal (gold) trading platform” for Portuguese-speaking countries, aiming to develop renminbi clearing, finance and leasing, and wealth management services.

In July 2019, for the first time, the Central Government issued sovereign bonds worth two billion renminbi in Macao, showing its support for Macao's financial development. This is an important measure for shaping Macao into a financial services platform for China and Portuguese-speaking countries, and further optimising Macao's industrial structure.

To work in concert with the goal of establishing in Macao of a securities market denominated and cleared in renminbi, put forth in the Outline Development Plan

for the Guangdong-Hong Kong-Macao Greater Bay Area, the Monetary Authority of Macao has commissioned international consultancy companies to study the feasibility of such a securities market.

Statistics show, by the end of 2018, that outstanding financial leases from the specialised financial services sector reached 18.1 billion patacas, representing a year-on-year increase of 19.9 percent. The market value of wealth management investment portfolios reached 198.4 billion patacas, representing a year-on-year increase of 11.9 percent.



Chinese and Western cultural heritages nurture unique cultural and creative industry

Macao has been a bridge for exchanges between Chinese and Western cultures for more than 400 years, forming a unique blend of historical and cultural heritages that lays a solid foundation for Macao's cultural and creative industries. To achieve adequate economic diversification, the Government proactively develops this sector, with innovation, design and commercialised concepts as core ideas to incorporate into all economic segments. It helps small- and medium-sized enterprises with business upgrades, transformation and expansion, whilst facilitating development of related industries, to enhance economic growth in Macao.

Since 2010, the Macao SAR Government has established the Committee for

the Cultural Industry, the Cultural Industry Fund and the Department for the Promotion of Cultural and Creative Industries under the Cultural Affairs Bureau, in order to promote development of the cultural and creative industries.

The Cultural Industry Fund has launched a number of subsidy schemes, with a policy vision of “corporate investments as core and supplemented by Government subsidies”. The ratio of grants by the Fund and company investments is about 1:6. Through Government subsidies to attract more corporate investments as to promote the cultural and creative industries, have achieved good progress.



As at October 2019, the fund has provided subsidies (including grants and interest-free loans) totalling 502 million patacas to support 256 projects over the course of six years, attracting an aggregate of 2.067 billion patacas from investments and creating more than 1,600 job opportunities. Two phases of the Community Cultural and Creative Production Subsidy Scheme supported some 50 projects, with the aim of brand building for time-honoured local shops through creative promotions, discovering stories behind these shops that blend with cultural element and creative designs. The idea is also designed to introduce fresh elements and renovate shops with distinctive features, therefore promoting culture and creativity within community, attracting more visitors to the community and ultimately refurbishing business environment of community.

The Specific Subsidy Scheme for Brand Building promotes cross-sector

cooperation between Macao companies, focusing mainly on fashion, design, cultural performance, and audiovisual industries.

The Cultural Affairs Bureau also launched the Subsidy Programme for the Cultural and Creative Industry, which covers areas including original music, fashion design and film production. Through a series of related subsidies and support measures, the MSAR Government supports and nurtures talented people for the industries, and incubates potential products to create a favourable atmosphere for and a prototype of Macao's cultural and creative industries.

In 2018, the total added value of the cultural and creative industry reached 2.6 billion patacas, representing a year-on-year increase of 9.7 percent, and a contribution of 0.6 percent of the total added value of all industries.

2019 marks the publication of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, providing Macao with unprecedented opportunities and markets for Macao's adequate economic diversification. Via participation in the development of the Greater Bay Area, Macao can further promote its distinctive strengths and unique characteristics, while pressing ahead with adequate economic diversification and progressively adjusting the city's long-established single economic structure. These have combined to conserve Macao's advantages for further sustainable development.