MACAO'S ECONOMY IN THE FINANCIAL CRISIS

ZHANG Yang & KWAN Fung

EAI Background Brief No. 456

Date of Publication: 5 June 2009

Executive Summary

1. Macao's economy has enjoyed strong growth in recent years thanks to its expanding tourism and gaming sectors after the monopoly on gambling was abolished in 2002. Macao became the world's largest gaming centre after overtaking Las Vegas in earnings in 2006.

2. However since the second half of 2008, Macao's casino revenue growth has come to a halt because of a deteriorating global economy and mainland's imposition of tighter visa restrictions on Chinese visitors to Macao.

3. The global financial crisis has led several cash-strapped casino operators to suspend work on their multi-billion-dollar investment projects. Waves of lay-offs, especially of foreign workers, began after years of desperately in need of labour.

4. The collapse of the gaming boom became more evident when gross gaming revenue registered a contraction of 12.7% in the first quarter of 2009, substantially down from the spectacular growth of 61.8% in early 2008.

5. Consequently, Macao's overall economy moderated markedly in 2008 with a growth of 13.2%, significantly lower than the 25.3% in 2007. Worse still have been the contraction of 7.6% in the last quarter in 2008 and an even more severe plunge of 12.9% in the subsequent one.

6. The contraction was attributable to a notable drop in merchandise exports, significant cutback in investment and most importantly, marked deterioration of exports of service which capture activities in the gaming and tourism sectors. Real GDP in 2009 looks set to contract.

7. The Macao government had budgeted US$1.3 billion for investment in public work and taken measures including fund provision for small and

medium enterprises, tax breaks, housing subsidies, textbook allowances, electricity and medical subsidies and cash handouts to residents.

8. In the past, Macao had been straining under the load of visitor influx and was crippled by labour shortage and infrastructure bottlenecks which call for economic diversification. The current break in the gambling and tourism-led boom will give the territory the much-needed breathing respite to re-examine its economic growth pattern.

9. With a shrinking textile and garment industry and local SMEs struggling to compete for resources with rapidly expanding gaming and tourism interests, horizontal diversification of Macao's economy seems hard to realize in the short run.

10. The non-gaming side of Macao within its tourism industry has yet to be fully explored and this provides room for vertical diversification. A potential driver of growth could be the rise of more diversified tourism with leisure and business conventions likely to be the focal point.

11. Macao's economic fortunes are tied to Beijing's initiatives. The release of Hengqin island for future joint development by the city of Zhuhai, Guangdong province, and Macao is believed to offer Macao great opportunity in territorial expansion and economic diversification.

12. The newly unveiled "Outline of the Plan for the Development of Pearl River Delta (PRD) Region" will foster closer links and co-operation between Macao and the PRD region. Moreover, Supplement V to CEPA has provided Macao's service suppliers with enhanced business scope to tap the Mainland market.

MACAO'S ECONOMY IN THE FINANCIAL CRISIS

ZHANG Yang & KWAN Fung*

The Collapse of the Gaming Boom

1.1 Macao's economy has enjoyed strong growth in recent years thanks to its expanding tourism and gaming sectors. Its economy grew approximately 17% annually on average between 2002 and 2008 with the opening of new casino resorts and tourist attractions. Since the ending of the monopoly on gambling in 2002, Macao has opened its gaming sector to foreign investment. It began to rival Las Vegas to become the world's largest gaming centre after overtaking the global gambling capital in earnings in 2006.

1.2 The gaming industry in Macao has been thriving since 2002 when Macao Special Administrative Region (SAR) government liberalized the gaming industry and granted concessions to three gaming operators who in turn signed sub-concessions with other investors. As of March 2009, there were 31 casinos operated by 6 concessionaires.[1] In 2008 Gross Gambling Revenue (GGR)[2] in the territory has reached an all-time high of MOP109.8 billion (US$13.7 billion)[3], up by 31% from a year ago (Figure 1). In the

---

* Zhang Yang is a visiting research fellow at the East Asian Institute, National University of Singapore. Fung Kwan is an assistant professor at the Department of Economics, University of Macao. They would like to thank Prof. John Wong for going through the drafts and providing invaluable comments which greatly improved the quality of this paper. The paper also benefited from discussions with Dr Sarah Tong.

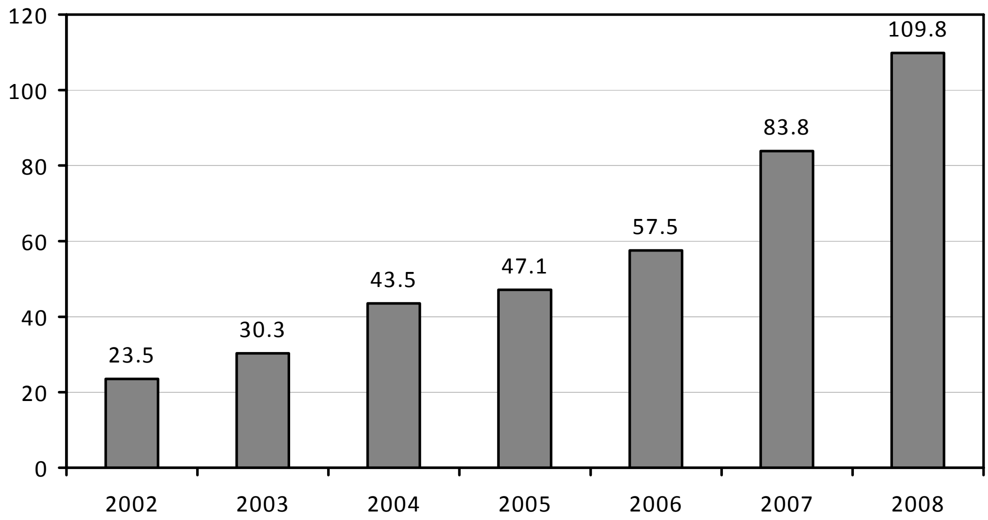
1 They are Sociedade de Jogos de Macau (known as SJM; headed by Stanley Ho); Galaxy Casino (a subsidiary of Galaxy Entertainment Group, from Hong Kong); Wynn Resorts (of Steve Wynn); Venetian Macau (Sheldon Adelson); a partnership of MGM with Pansy Ho (daughter of Stanley Ho); and a partnership of Melco and PBL of Australia.

2 Gross Gaming Revenue is the net win from gaming activities, which is the difference between gaming wins and losses before deducting expenses. GGR excludes betting businesses such as horse and dog races and sports wagering.

3 Macau adopts the currency board system under which the legal tender, pataca (MOP), is 100 percent backed by foreign exchange reserves, the Hong Kong dollar (HKD). The pataca is pegged to the HKD at a rate of 1.03 MOP per HKD, and indirectly to USD at 8 MOP per USD approximately.

same year, tax revenue on gaming accounted for 82% of government revenue. The expanding casino sector has reenergized Macao’s tourism industry which saw total visitors reaching 22.9 million in 2008, doubled in 6 years. Exports of gaming services have been the main propeller of economic boom.

FIGURE 1 MACAO'S GROSS GAMING REVENUE (BILLION MOP)

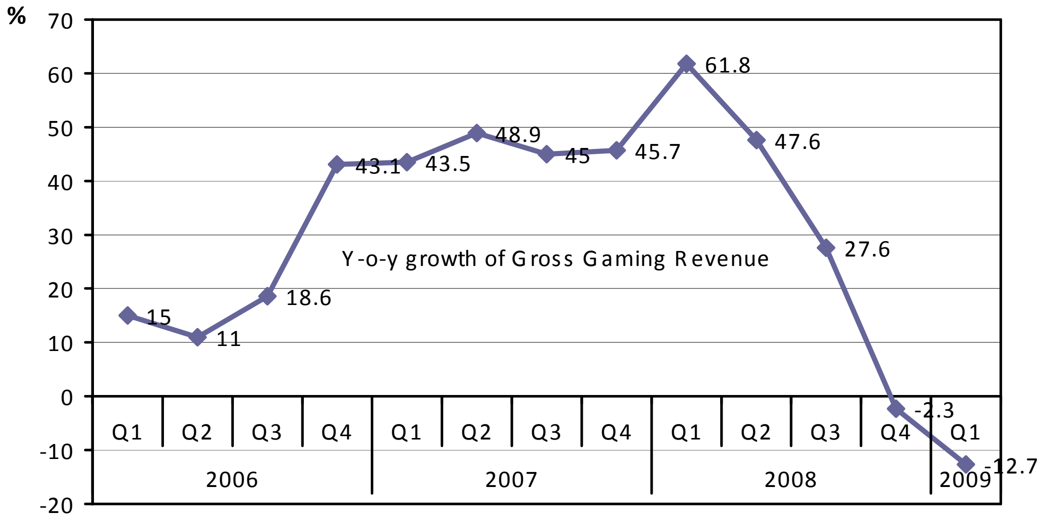


Source: Statistics and Census Service (DSEC), Macao SAR Government

1.3 However, the gaming industry expansion has come to a phase of adjustment when the SAR government in April 2008 imposed a freeze on gaming licenses and new land resources for further casino development. Moreover, in the wake of the global economic meltdown Macao is not spared. The pinch of the financial crisis and global economic slump has been felt in the local gaming sector. Indeed, when Wall Street sneezes, Macao is one of the first economies to catch the cold.

1.4 The growth of gross gaming revenue, peaked in the first quarter of 2008, has declined in the subsequent two quarters before it eventually plunged into negative zone in the final quarter, the first retrenchment since the handover of Macao (Figure 2). The collapse of the gaming boom became more evident when GGR registered a contraction of 12.7% in the first quarter of 2009, substantially down from a growth of 61.8% in early 2008.

FIGURE 2 QUARTERLY GROWTH OF GROSS GAMING REVENUE



Source: Statistics and Census Service (DSEC), Macao SAR Government

1.5 Specifically, the global financial crisis has led several cash-strapped casino operators to suspend work on their multi-billion-dollar investment projects in Macao, which are unlikely to resume any time soon until capital markets improve. While casino developers struggled with a cash squeeze, waves of lay-offs began after years of desperately in need of labour.

1.6 It is at Venetian Macao, a subsidiary of Las Vegas Sands Corp and a US$2.4 billion project which is unprecedented in scale in Asia, that the slowdown can be seen most keenly. Casino worker numbers were cut, weekly working hours for employees scaled back and most importantly, construction of new hotels, huge shopping centres and several new casinos halted or postponed. In November 2008, Las Vegas Sands dismissed 9,000 non-resident construction workers[4] in Macao and placed an indefinite moratorium on the bulk of its planned US$12 billion investment until its liquidity position improves.

---

4 "Macau economy: Unemployment creeps up", *THE ECONOMIST INTELLIGENCE UNIT*, April 2nd 2009, http://www.eiu.com/index.asp?layout=VWArticleVW3&article_id=1894410174&country_id=330000033&page_title=Latest+analysis&rf=0

1.7 Sands Corp is hardly alone in feeling the pain. Across the enclave, some 10,000 foreign and 2,000 local workers have lost their jobs as of January 2009.[5] Thousands of migrant workers from southern China and Hong Kong have been sent back across the border. More recently, Wynn Macau implemented in May a foreign worker repatriation program to address current business volumes and upcoming quota adjustments. The laying off of at least 25 non-local casino managers will take effect at the end of June. Along the Cotai Strip,[6] the building construction of major casinos, shopping centres and hotel projects, including Shangri-La, St Regis and the Sheraton group, has come to a standstill, leading to severe repercussion from local communities.

1.8 Underlying this decline in GGR was the reduction in discretionary income as a result of factory closings in southern China and the downturn in regional business. This was reinforced by Beijing's tightening of travel permits for mainland residents wishing to visit Macao, a policy aimed at keeping Chinese domestic consumption high as well as preventing corrupt officials from gambling away public coffers on the dice table. Visas were restricted to single entry from June 2008, down from double entry in a month, and to once every other month from July. Moreover, mainland visitors with travel permit to Hong Kong were no longer allowed to enter Macao since September 2008 unless a separate travel permit is obtained.[7]

1.9 These new restrictions significantly reduced the frequency with which individual travelers from mainland could visit Macao and the duration for which they could stay. Not surprisingly, this has great impact on the gaming

---

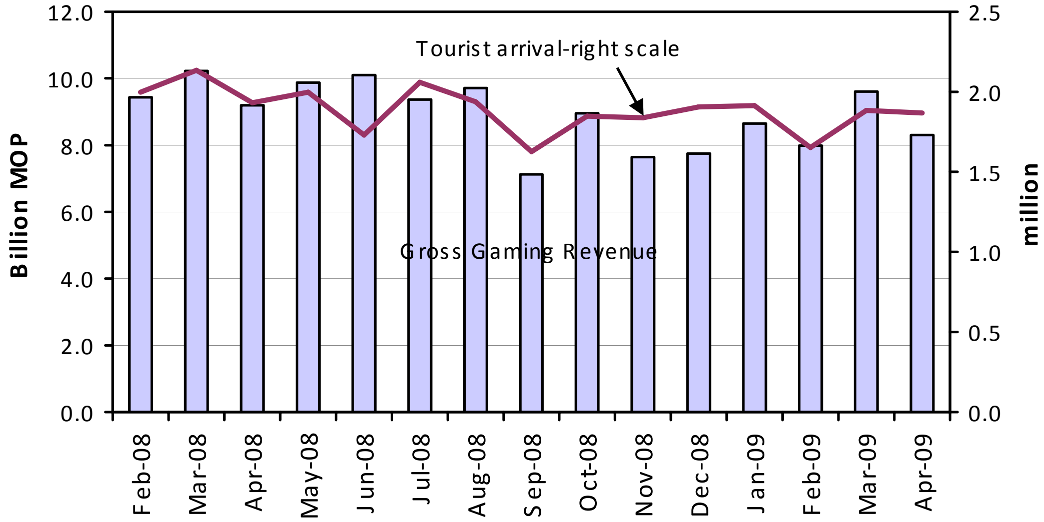
5 "Asia's Las Vegas, Macau, Fights The Economic Crisis", *The Independent*, January 14, 2009, http://www.huffingtonpost.com/2009/01/14/asias-las-vegas-macau-fig_n_157792.html

6 Cotai Strip is a finger of reclaimed land which merges the Cotai Island and Coloane of Macao.

7 Individual Visit Scheme (IVS), introduced by the central government of China in July 2003, has been the main drivers of Macao's tourism and gaming boom. According to the Scheme, mainland Chinese wishing to visit Hong Kong and Macau are allowed to travel as individuals, rather than as members of tour groups as previously required. However, restrictions on the IVS were imposed by the central government in June 2008. From July, individual travelers from the Mainland were allowed to apply for entry visa to visit Macao only once every two months, down from twice a month previously.

business given gross gaming revenue is closely associated with tourist arrivals, as evidenced in Figure 3. In fact, Chinese VIP gamblers, or high rollers make up 70% of overall gaming revenue in Macao.

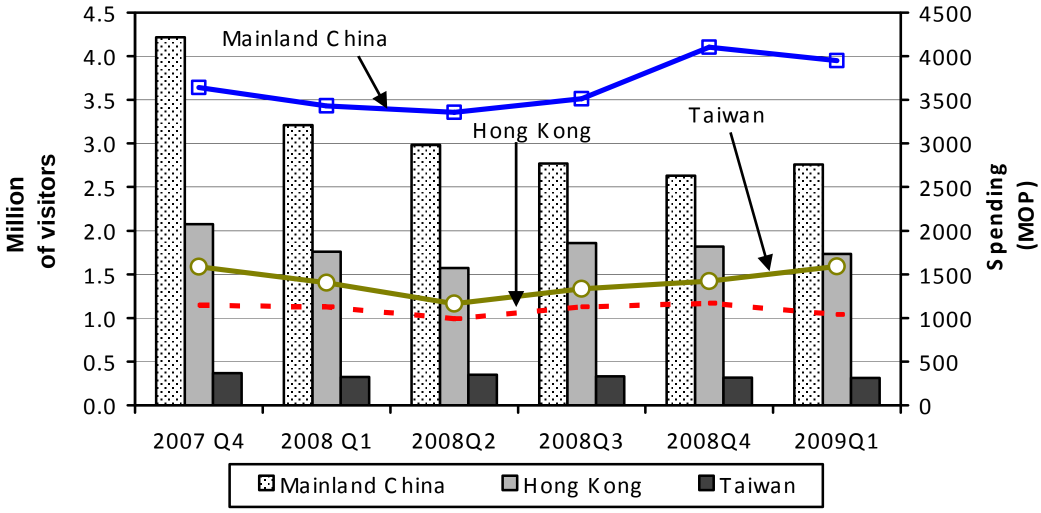
FIGURE 3 GROSS GAMING REVENUE AND TOTAL TOURIST ARRIVALS



Source: Statistics and Census Service (DSEC), Macao SAR Government

1.10 For the whole year of 2008, visitor arrivals totalled 22.9 million, down from 26.9 million in the previous year. Judging by source markets, tourists from mainland had the highest per capita spending and consisted of 50.6% of total arrivals, followed by 30.6% from Hong Kong (Figure 4). Same-day visitors continued to dominate, accounting for 53.7% of the total.

FIGURE 4 NUMBER OF VISITORS AND PER CAPITA SPENDING BY SOURCE MARKETS



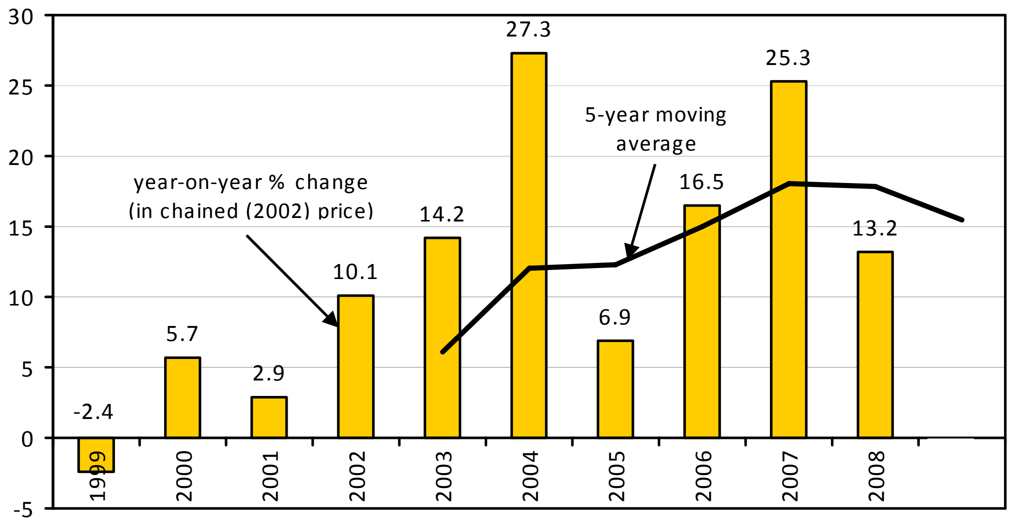
Source: Statistics and Census Service (DSEC), Macao SAR Government
Note: Number of visitors is plotted in bar with left scale, while per capita spending is plotted in lines with right scale.

Economic Growth Slowing Sharply

2.1 As the gaming and tourism industry, the key driver of Macao's economic prosperity, lost its momentum in the second half of 2008, Macao's overall economy has inevitably been adversely affected. Real GDP growth moderated markedly in 2008, registering an annual growth of 13.2%, significantly lower than the 25.3% in 2007 (Figure 5[8]).

[8] Las Vegas Sands, a world gaming icon, launched the US$240 million Sands Macao in May 2004. This was followed by the opening of Galaxy's Waldo in July. On the back of this boom in the gaming and tourism sector which brought about large amount of investment and construction, GDP growth in 2004 registered a stunning 27.3%. Against this astonishing growth rate, performance in the subsequent year moderated, especially so when Macao's exports of goods were adversely affected by the cancellation of the global textile and garment quota system and a weak economy in the Euro Zone.

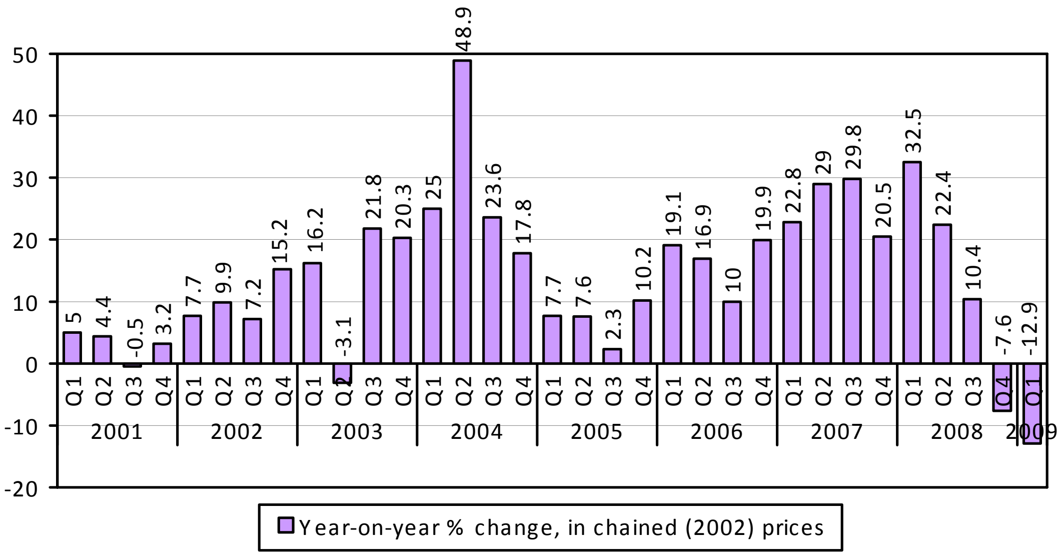
FIGURE 5 MACAO'S ECONOMIC GROWTH



Source: Statistics and Census Service (DSEC), Macao SAR Government

2.2 On closer examination, within the year of 2008, Macao's economy saw a sharp slowing down with growth rate sliding from 32.5% in the first quarter to 22.4% in the second and 10.4% in the third. Worse still has been the contraction of 7.6% in the last quarter in 2008, the worst performance since 1999, followed by an even more severe plunge of -12.9% in the first quarter of 2009 (Figure 6).

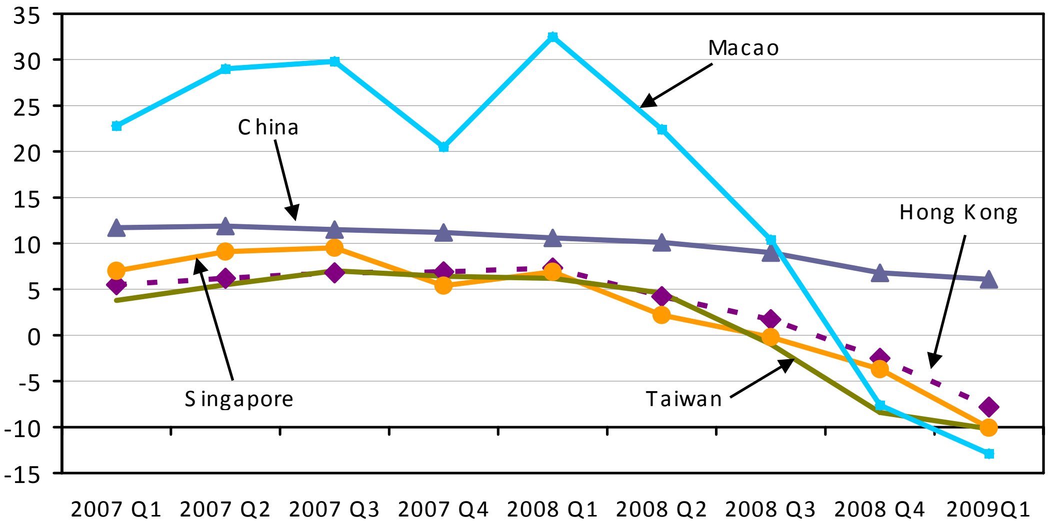
FIGURE 6 QUARTERLY GDP GROWTH



Source: Statistics and Census Service (DSEC), Macao SAR Government

2.3 Compared to neighbouring economies that were also battered by the outbreak and ramification of global financial crisis, Macao's lack of resilience saw its GDP plummeting more dramatically than that of Hong Kong, Mainland China, Singapore and Taiwan towards the beginning of 2009 (Figure 7).

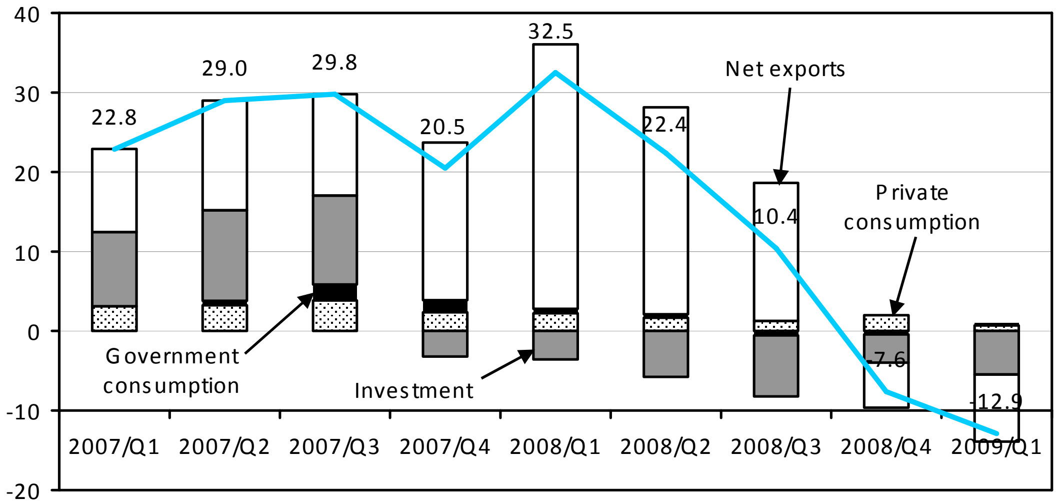
FIGURE 7 ECONOMIC PERFORMANCE OF SELECTED ASIAN ECONOMIES



Source: EIU country data.

2.4 The contraction was attributable to a notable drop in merchandise exports, significant cutback in investment and most importantly, marked deterioration of exports of service which capture activities in gaming and tourism sector. In fact, net exports, predominantly driven by exports of service, had been the key propeller of the rapid GDP growth in recent years before falling into negative territory in the last quarter of 2008 and the subsequent one, leading to contraction of two consecutive quarters, unseen since 1999 (Figure 8).

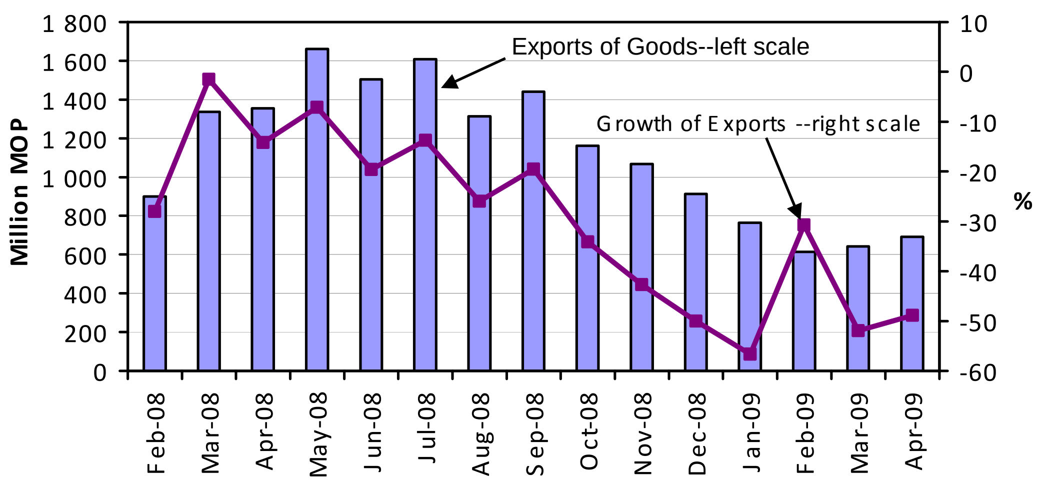
FIGURE 8 CONTRIBUTION TO QUARTERLY GDP GROWTH (PERCENTAGE POINT)



Source: Statistics and Census Service (DSEC), Macao SAR Government

2.5 For the year of 2008, exports of merchandise goods fell by 25.4%. Particularly in the last quarter, exports of goods plunged remarkably by 42.4% with exports to US, the largest market for Macao's merchandise export, down significantly by 53.4%. Exports to Mainland China and EU plummeted by 23.4% and 72.1% respectively. This steady merchandise export decline was primarily the result of weakening textile and garment sales abroad which fell by 56.5%. In April 2009 mechanise exports fell by 48.9% (Figure 9).

FIGURE 9 EXPORTS OF GOODS



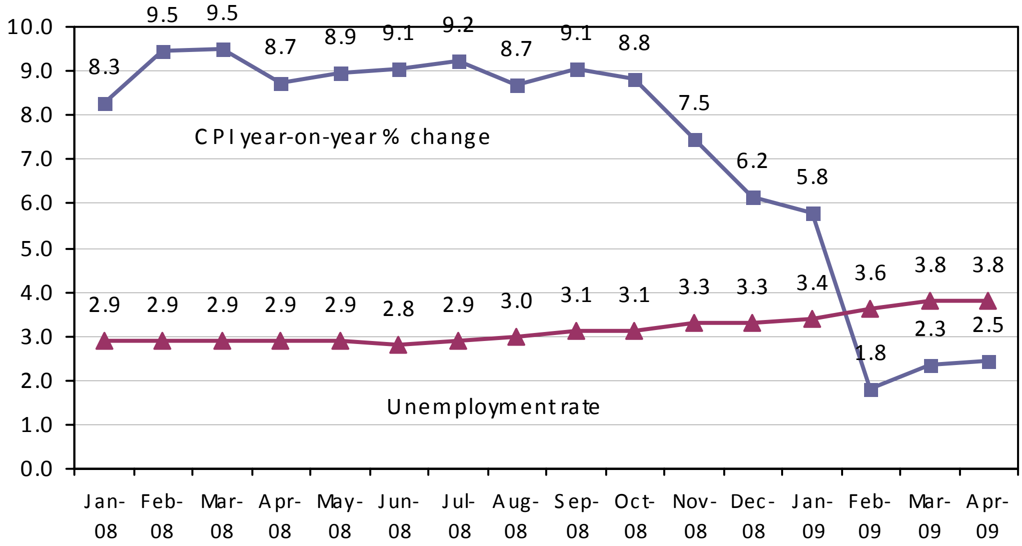
Source: Statistics and Census Service (DSEC), Macao SAR Government

2.6 As global credit crisis has deprived casino operators of the capital required to carry on with their investment programs, the second half of 2008 had seen an exacerbation of the investment slowdown where overall investment declined by 25% in the third quarter and 15.1% in the last. In the first quarter of 2009, investment registered a deeper fall of 32% against the same period last year.

2.7 In contrast, private consumption held up well thanks largely to rising median employment earnings. In the last quarter of 2008 retail sales rose by 20.7% of which sales of watches, clocks and jewellery accounted for 21.7%. Retail growth moderated to 9.3% in the first quarter of this year, but private consumption and government expenditure accounted for relatively small shares of the economy and hence had little impact on economic growth.

2.8 Along with the economic slowdown, labour market has seen rapid deterioration since the last quarter of 2008. For the three-month period ending April 2009, the unemployment rate registered 3.8%, compared to 2.9% a year earlier. However, the reported unemployment rate underestimated the severity of labour market conditions as it did not account for the repatriation of foreign workers, which are not counted as normal domestic labour force and hence not reflected in the official jobless rate. Indeed, employment of non-resident workers has fallen sharply due to the suspension in casino construction. Meanwhile, inflation pressure receded considerably. Consumer Price Index increased by 2.5% in April 2009, moderating from the 6.2% at the end of last year (Figure 10).

FIGURE 10 UNEMPLOYMENT AND INFLATION (%)



Source: Statistics and Census Service (DSEC), Macao SAR Government

2.9 Thanks to past spectacular casino boom and soaring gambling tax receipts until recently, Macao's government was armed with over MOP80 billion[9] (US$10 billion) in accumulated fiscal reserves at the end of 2008 and therefore has ample funds to cope with the economic slowdown. In his annual policy address delivered in November 2008, Chief Executive Edmund Ho Hau Wah announced that the government had budgeted MOP10.2 billion (US$1.3 billion) for investment in public work projects including the construction of light rail transit system, public housing, old neighbourhoods reorganization and landscape works of the city's World Heritage sites.

2.10 To cushion the impact of the global financial crisis especially on small and medium enterprises (SMEs), the government plans to inject MOP1.5 billion (US$0.2 billion) into the Industrial and Commercial Development Fund to provide funding for SMEs. Meanwhile, the SAR authorities have doled out cash to ease people's hardship through tax breaks in various fields, housing

---

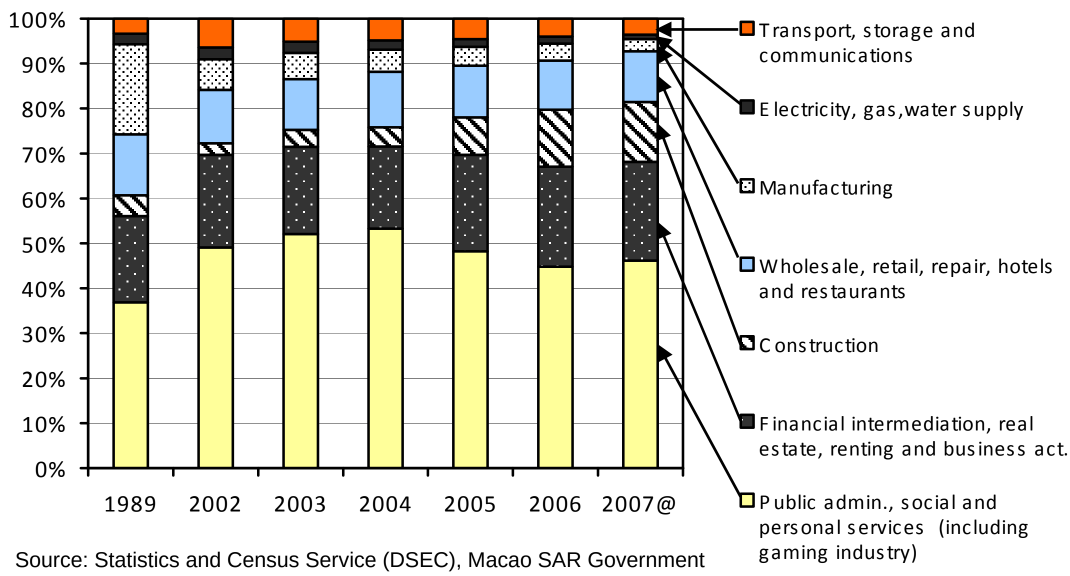
9 "Macau's Loses 10 Percent Public Revenue in January 2009", Macau Daily Blog and News, February 23, 2009, http://macaudailyblog.com/macau-business/economy-business/macaus-loses-10-percent-public-revenue-in-january-2009/

subsidies, textbook allowances, electricity and medical subsidies and cash handouts to residents.

The Need to Diversify Macao's Economy

3.1 An open and vibrant free market economy, Macao since the opening up of its gaming industry in 2002 has attracted more foreign investment, spurring tourism and overall consumption, transforming this once tranquil place of just half-a-million people into a magnet for gamblers all over the region. The gaming sector contributed to nearly 50% of Macao's GDP in 2007 (Figure 11) and 19.7% of total employment in 2008.

FIGURE 11 COMPOSITION OF MACAO'S GDP BY SECTORS



Source: Statistics and Census Service (DSEC), Macao SAR Government
@ figures subject to revision

3.2 The growth has been astounding and most of the local systems have been affected too quickly to have had time to react properly. Macao had been straining under the load of visitor influx and was crippled by labour shortage and infrastructure bottlenecks, especially so when the approval of new projects had slowed dramatically after the high-profile conviction of former secretary for transport and public works for corruption.

3.3 With credit crunch, weakening economic conditions and mainland's tighter visa rules, Macao now has to deal with less money spent on the table and less cash to spend on a dramatic expansion plan that was supposed to transform the enclave into Asia's biggest tourist destination.

3.4 The changed reality and current break in the gambling and tourism-led boom however will give the territory the much-needed breathing respite to re-examine its economic growth pattern and address the city's infrastructure shortcoming which constitutes one of the biggest potential obstacles to its future development. China's Vice-President Xi Jinping in his visit to the SAR in January 2009 urged the territory to promote long term economic diversification.

3.5 In fact, Macao continues to host a significant but shrinking textile and garment industry, the key component of its manufacturing sector. In 2008, exports of textiles and garments generated only MOP9.1 billion compared to MOP109.8 billion in gross gaming receipts. Macao's textile industry will continue to relocate northward to the mainland for cheaper land and labor, leaving the enclave more dependent on gambling to generate growth. Moreover, local SMEs have been struggling to survive as they have to compete with the rapidly expanding gaming and tourism interests for resources. As such, horizontal diversification of Macao's economy seems hard to realize in the short run.

3.6 Nevertheless, the non-gaming side of Macao within its tourism industry has yet to be fully explored; this provides room for vertical diversification while consolidating the advantages of existing industries. Indeed, Macao has identified the MICE[10] industry as a key driver to diversify its economy and become a centre that integrates gaming, shopping, conference and exhibition as well as entertainment and leisure industries.

[10] MICE represents meetings, incentives, conventions and exhibitions.

3.7 Being primarily a day-trip market reliant on gambling, recently unveiled non-gaming attractions such as sprawling retail malls, fine dining and entertainment and recreation have generated only weak demand. Hence, a potential driver of growth could be the rise of more diversified tourism in the city, with non-gaming business like leisure and business convention likely to be the focal point. Already, Macao is increasingly becoming a conference destination and a place for trade shows, concerts and sports events.

3.8 However, diversification of the economy would not come easily. Unlike Las Vegas whose non-gaming receipt accounts for nearly 60% of total casino resort revenue, this number is merely 20% for Macau.[11] The small enclave lacks the land and more importantly human resource to develop convention centres and an entertainment industry.

3.9 Looking ahead, prospects for growth in the short run have deteriorated significantly, primarily owing to falling casino revenue and the halting of construction of some major casino resorts. In addition, investment will stay in the doldrums before the financial crisis begins to abate while private consumption will recede given the uncertain economic prospect. Merchandise exports remain weak amid severe contraction of external demand from EU and the US. The economy of Macao in 2009 is expected to remain sluggish. The economy however would be cushioned should the central government ease its visa restrictions for mainland visitors.

3.10 Macao's economic fortunes are tied to Beijing's activities. To boost Macao's economy, Beijing on 26 December 2008 announced a number of measures including speeding up cross-boundary infrastructure projects, promoting financial cooperation, further opening-up of mainland's service sector to Macao and helping SMEs. It also included the endorsement of the "Outline of the Plan for the Development of Pearl River Delta (PRD) Region" which will foster closer links and co-operation between Macao and the PRD region.

---

11 "Wooing the high rollers", *the Standard*, May 23, 2008, http://www.thestandard.com.hk/news_detail.asp?we_cat=16&art_id=66219&sid=19050165&con_type=1&d_str=20080523&fc=8

3.11 In January 2009 the central government in Beijing decided to release Hengqin island, three times the size of Macao lying just off its Coloanes island, for future joint development by the city of Zhuhai, Guangdong province, and Macao to facilitate closer co-operation and coordination between the two. Although the details of the development scheme have yet to be made public, Hengqin island is believed to offer Macao great opportunity for territorial expansion and economic diversification.

3.12 On top of the provisions granted in previous phases of Closer Economic Partnership Arrangement (CEPA)[12], Supplement V was signed in July 2008 and effective from January 2009 to assist Macao service providers, upon obtaining "service supplier certificates",[13] to tap the Mainland market. As of April 2009, 349 certificates[14] had been approved primarily for transport and logistics, conventions and exhibition, management consulting, construction, distribution, telecommunications and advertising. Further liberalization measures in Supplement V expand the business scope allowable for Macao's companies and lower thresholds required to set up business and provide services in the mainland (Appendix Table 1).

---

12 The Mainland and Macau CEPA is an economic agreement between the Government of the Macau Special Administrative Region and the Central Government signed on October 18, 2003; annual supplements have been added since then. Under the CEPA, all products with Macau origin are exempted from import customs to Mainland.

13 Criteria to be eligible as Macao service suppliers include incorporation in Macao, 3-5 years in operation, paid tax in Macao and employs at least 50% of its staff locally.

14 http://www.cepa.gov.mo/cepaweb/front/eng/itemI_4.htm

Appendix

TABLE 1 SUPPLEMENT V TO CEPA ON LIBERALIZATION OF TRADE IN SERVICES FOR MACAO

Accounting, auditing and bookkeeping services	• The validity period of the "Temporary Performing Auditing Business Permit", applied by Macao auditing firms and auditors for the purpose of conducting auditing business on a temporary basis in the Mainland, is extended from two years to five years. • To agree to the setting up of an examination centre in Macao for the Mainland Certified Public Accountants Examination.
Medical and dental services	• To allow Macao service suppliers to set up wholly owned outpatient clinics in the Guangdong Province. • There is no restriction on the ratio of capital investment between the Mainland and Macao partners for the equity joint venture or contractual joint venture outpatient clinics set up by Macao service suppliers in the Guangdong Province. • There is no requirement on the total amount of capital investment for Macao service suppliers who set up wholly owned, equity joint venture or contractual joint venture outpatient clinics in the Guangdong Province. • The provincial health administrative department of the Guangdong Province is responsible for the proposed establishment and approval procedures for setting up wholly owned, equity joint venture or contractual joint venture outpatient clinics by Macao service suppliers in the Guangdong Province. • To allow qualified Macao permanent residents with Chinese citizenship to apply for and obtain "Medical Practitioner's Qualification Certificates" of the Mainland through accreditation. [15]
Information technology services	• Effective on the day of signature, when applying for qualification certification of computer information system integration in the Mainland, Macao service suppliers are assessed according to the following criteria:- – no assessment on professional job title, but assessed by the relevant academic qualifications and working experiences; – projects undertaken in both Mainland and Macao are taken into account for business turnover in system integration qualification; – for enterprises applying for Level 3 qualification certification, personnel involved in software development and system integration should not be less than 25, in which the proportion of personnel with graduate or post-graduate qualification should be no less than 80%. • Other assessment criteria will be implemented in accordance with the provisions of the relevant regulations of the Mainland.

[15] Details of implementation measures to be promulgated by the Ministry of Health.

Services incidental to mining	To allow Macao service suppliers, on a contractual joint venture basis, to provide services of exploitation of oil and natural gas in the Mainland.
Placement and supply services of personnel	The minimum registered capital requirement for wholly owned job referral agencies and job intermediaries set up by Macao service suppliers in the Guangdong Province will follow the requirements applicable to Mainland enterprises in the Guangdong Province.
Printing and publishing services	The minimum registered capital requirement for Macao service suppliers who set up printing enterprises in the Mainland to provide packaging and ornament services for printed materials will follow the requirements applicable to Mainland enterprises.
Convention services and exhibition services	To allow Macao service suppliers to set up wholly owned, equity joint venture or contractual joint venture enterprises in Beijing Municipality, Tianjin Municipality, Chongqing Municipality and the Zhejiang Province, to provide organizing overseas exhibitions services on a pilot basis.[16] Participating exhibitors should be enterprises registered in that province or municipality correspondingly.
Distribution services	For the same Macao service supplier who opens more than 30 stores accumulatively in the Mainland, the Macao service supplier is allowed to run business on a wholly owned basis if the commodities for sale include pharmaceutical products, pesticides, mulching films, chemical fertilizers, vegetable oil, edible sugar and cotton, and the above commodities are of different brands and come from different suppliers. [17]
Environmental services	To agree that the Guangdong Province approve the qualification of Macao service suppliers who set up enterprises engaging in environmental pollution control facilities in Guangdong.
Banking and other financial services (excluding insurance and securities)	• To allow Mainland-incorporated banking institutions established by Macao banks to set up data centres in Macao when they meet the following criteria:- [18] – incorporated in the Mainland on or before 30 June 2008; – data centres have been set up in Macao by parent banks at the time of their incorporation; – data centres with core systems such as customer, account and product information should operate independently; – their board of directors and senior management are entitled to the ultimate management authority of the data centres; – data centres should meet the requirements of relevant regulators and be subject to the approval of relevant authorities of the Mainland when setting up the centres.

[16] Should be submitted to the China Council for the Promotion of International Trade for approval in accordance with the relevant laws and regulations in the Mainland.

[17] If the commodity for sale is processed oil, Mainland's commitments to members of the World Trade Organization are still applicable.

[18] Should comply with provisions stipulated in the supervisory cooperation agreement signed by the relevant Mainland and Macao regulatory authorities relating to data centres of Mainland-incorporated banking institutions established by Macao banks located in Macao.

Social services	To allow Macao service suppliers establish welfare agencies for persons with disabilities in the form of wholly owned private non-enterprises in the Guangdong Province on a pilot basis.
Tourism and travel related services	• To delegate to the Guangdong Province the authority of approving Macao service suppliers who set up travel agencies on a wholly owned, equity joint venture or contractual joint venture basis in Guangdong. • To allow Macao permanent residents with Chinese citizenship to sit for the Mainland qualification examination for tourist guides. Tourist guide qualification certificates will be awarded to those who have passed the examination in accordance with the relevant regulations.
Transport services	To allow Macao service suppliers to set up wholly owned enterprises and their branches in the Guangdong Province to provide shipping agency services to vessel operators who engage in shipping routes between the Guangdong Province and Hong Kong or Macao on a pilot basis.
Air transport services	To allow Macao service suppliers to submit the economic guarantee provided by Mainland incorporated banks or guarantee companies recommended by the China Air Transport Association, when applying for setting up wholly owned, equity joint venture or contractual joint venture air transport sales agencies in the Mainland.
Road transport services	To delegate to the Guangdong Province the authority of approving Macao-invested production enterprises to provide road freight transport services and approving Macao service suppliers who set up repair and driver training enterprises, and passenger and freight transport stations (depots) in Guangdong.
Individually owned stores	To allow Macao permanent residents with Chinese citizenship to set up, in accordance with the relevant Mainland laws, regulations and administrative regulations, individually owned stores in all provinces, autonomous regions, municipalities directly under the Central Government in the Mainland, without being subject to the approval procedures applicable to foreign investments. The number of employees for each store shall not exceed 8 persons. The scope of business for individually owned stores, excluding franchising, includes building-cleaning services and advertising production services. Additional service sectors for the Guangdong province particularly include trade brokerage and agency services (excluding auction); renting and leasing services (excluding renting and leasing of housing services).
Services of Architectural, Engineering, Urban planning and landscape architectural	To allow Macao service suppliers to set up construction and engineering design enterprises in the Mainland in the form of equity joint venture or contractual joint venture, without any restrictions on the proportion of total investment contributed by the Mainland partners to the registered capital.
Related scientific and technical consulting services	To allow Macao service suppliers to carry out prospecting and surveying services of iron, manganese and copper in the Mainland on a wholly owned, equity joint venture or contractual joint venture basis.

Source: Macao Special Administrative Region Economic Services;
http://www.cepa.gov.mo/cepaweb/front/eng/index_en.htm