Building back better from crises through regional cooperation in Asia and the Pacific

Statement by Director of the Economic and Technological Development Bureau
Government of the Macao Special Administrative Region

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Chairperson,
Executive Secretary of UNESCAP, Madame Armida Salsiah Alisjahbana,
Distinguished Delegates, Ladies and Gentlemen,

On behalf of the delegation of Macao, China, we are delighted to participate virtually in the 77th Session of the United Nations Economic and Social Commission for Asia and the Pacific. We would like to congratulate Your Excellency on your election as the Chairperson. Also, we would like to thank the ESCAP Secretariat for the excellent preparation for this meeting.

The COVID-19 outbreak in 2020 ravages the world. The magnitude of this public health crisis and its impact on the global economy is unprecedented in modern history and has caused a huge disruption to humanity. While the pandemic has been more or less contained in some countries, it has claimed numerous precious lives around the world. Here, I would like to take this opportunity to extend my deepest condolences to those who have lost loved ones in this battle. I hope everyone stays healthy and witness the day when this disease no longer takes a toll on lives and the world returns to normalcy in no time.

In response to the pandemic, the MSAR Government insists on giving top priority to protecting the lives and health of Macao residents and has taken a series of anti-pandemic measures in a prompt and orderly manner to prevent and control the spread of the pandemic to the maximum extent. Such efforts have so far been effective in containing the pandemic in Macao, China, as the number of cumulative confirmed cases recorded to date is merely 48, of which 47 have been cured, and there have been no fatalities, no infection of medical personnel and no local community transmission.

Thanks to the tireless efforts of researchers worldwide, we are seeing the light of hope following the successful development of several COVID-19 vaccines. The MSAR Government has, in the first instance, purchased a total of 1.4 million doses of vaccines of three different manufacturers with approximately MOP 350 million. In
February 2021, after vaccinations for healthcare workers and high priority groups, appointments for vaccination have been opened to the whole population, and residents can decide whether to be vaccinated and choose which type of vaccine they get based on personal preference.

Despite the relatively stable public health situation, Macao, China's economy is facing a significant impact caused by COVID-19. It shrank by 56.3% in real terms year-on-year in 2020 as its main engine, the tourism sector, suffered a heavy setback due to the substantial decline in inbound tourists as a result of cross-border travel restrictions. To address the economic impact of the pandemic and to support local residents and businesses to tide over the difficulties, the MSAR Government allocated over MOP 50 billion to launch two rounds of economic relief measures to secure employment, revitalize the local economy and safeguard the livelihood of the population.

The two rounds of economic relief measures can be broadly categorized into five directions, including providing tax incentives, supporting small and medium enterprises (SMEs), strengthening livelihood support, enhancing vocational skills training and issuing e-consumption vouchers. In the second round, a MOP10 billion pandemic relief fund was set up to provide more comprehensive care and support for residents, employees, businesses and freelancers.

**Tax incentives**
In addition to the continuation of the original tax incentives, the MSAR Government introduced specific tax incentives in response to the pandemic, including a maximum profits tax deduction of MOP 300,000 in 2019; an increase in the salary tax deduction rate of taxable personal income tax from 25% to 30% in 2020; and an increase in the percentage of the salary tax rebate for 2018 for residents from 60% to 70%, with the ceiling raised from MOP 14,000 to MOP 20,000. Furthermore, the MSAR Government also granted a series of exemptions to tourism tax, property tax, stamp duty and vehicle licence fee, etc.
**Support for SMEs**

To address the liquidity difficulties faced by SMEs during this adversity, the MSAR Government has launched a provisional interest subsidy scheme to offer a 4% interest subsidy to eligible SME loans and temporarily relaxed the eligibility criteria for applying for the SME Aid Scheme, under which SMEs operating for more than one year can apply for an interest-free loan up to MOP 600,000 repayable in a maximum of eight years. A total of 11,965 applications for these two schemes were received in 2020 and over 87% of them have been approved, resulting in an injection of over MOP 8.1 billion of liquidity into local SMEs.

Furthermore, in order to prevent further deterioration of the unemployment situation and to avoid drastic layoffs, the MSAR Government provided each eligible business with an one-off assistance ranging from MOP15,000 to MOP200,000, depending on the number of employees. On the other hand, the MSAR Government is also expediting the approval and construction of public works, so that local small and medium construction businesses and employees affected by the pandemic can resume work as soon as possible.

Other measures for reducing the operational costs of SMEs include exemption of utility bills, waiver of government property rentals and waiver of administrative fees.

**Strengthening livelihood support**

To alleviate the impact of the pandemic on people's livelihood, the MSAR Government introduced a series of relief measures for residents, such as continuing the Wealth Partaking Scheme to distribute cash to all residents, issuing additional health care vouchers to alleviate residents' medical burden, waiving residential utility bills and increasing subsidy payments to disadvantaged families. The MSAR Government also provides cash assistance of MOP15,000 to eligible local employees and cash assistance ranging from MOP10,000 to MOP20,000 to freelancers, as well as a two-year bank loan interest subsidy to freelancers, with a subsidy amount capped at MOP8,000.
**Enhancing vocational skills training**
In order to comprehensively enhance the residents’ vocational skills and employability to cope with the challenges brought by the recession, the MSAR Government has launched a training programme to provide subsidies to those who have completed the training. Eligible unemployed residents will be offered a training subsidy of MOP 6,656 after receiving skills training and job matching, while eligible employed residents can receive a training subsidy of MOP5,000 after receiving training to upgrade their vocational skills. With the joint efforts of the MSAR Government and job-seeking residents, we have helped 3,879 residents to be successfully employed in 2020.

**Issuing e-consumption vouchers**
With a view to stimulating the economic internal circulation, the MSAR Government launched a two-phase consumer subsidy programme in 2020, under which electronic vouchers with a total face value of MOP8,000 were distributed to residents to incentivize them to spend locally. As of 24 November 2020, a total of MOP 4.75 billion has been spent in the consumer market, benefiting a wide range of sectors. With over 63% of the spending went to SMEs, the programme has effectively alleviated their business difficulties, and in turn stabilized the livelihood of their employees while easing the economic pressure of residents.

**Revitalizing the tourism sector**
In addition to introducing the assistance measures stated above, considering that recovery of the tourism sector is the key to revival of Macao, China’s economy, the MSAR Government is on one hand exploring the potential of local demand for tourism services. A programme, namely “Macao Ready Go! Local Tours”, was launched in June 2020 to encourage residents to join local tours. During the programme period, nearly 140,000 persons participated in over 4,300 local tours, which provided job opportunities for tour guides, tour bus drivers and other tourism industry practitioners and effectively contributed to the recovery of tourism-related retail, catering and transportation services.
On the other hand, the MSAR Government is stepping up its efforts of promoting in its major tourism market, the Mainland of China, following the pandemic has been brought under control in the two places. In collaboration with the private sector, the MSAR Government launched a tourism incentive programme on 1 September 2020 with a total budget of approximately MOP 400 million to offer visitors from the Mainland of China room rate and air ticket discounts, as well as spending rebates through mobile phone application, so as to stimulate their interest in visiting Macao, China and their spending during their visits, and in turn help the tourism sector to sustain the crisis.

**Conclusion**

Dawn comes after darkness. As countries and territories around the world have started their vaccination programmes, we are confident that the pandemic will soon be tamed. However, its negative impact on the global economy and people’s livelihood could be long-lasting, so, while remaining vigilant against the rebound of the pandemic in this last mile, we also need to plan in advance for a rapid economic and social recovery. As a member of the global community, Macao, China will continue to work with the Asia-Pacific region through regional cooperation initiatives to lay the groundwork for achieving this goal.

Thank you.