

# MACAU

WORLD RANK: **35** | REGIONAL RANK: **9**

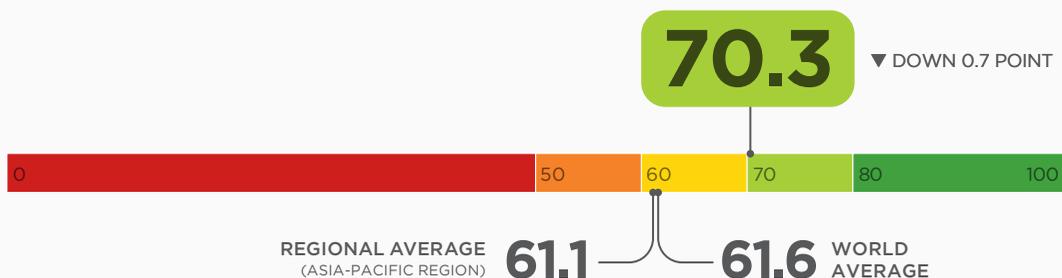
ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

Macau's economic freedom score is 70.3, making its economy the 35th freest in the 2020 *Index*. Its overall score has decreased by 0.7 point due to a decline in the **monetary freedom** score. Macau is ranked 9th among 42 countries in the Asia-Pacific region, and its overall score is well above the regional and world averages.

The economy of Macau has been in the lower reaches of the mostly free category since the beginning of its *Index* grading in 2009. Average annual GDP growth over the past five years has been positive but modest.

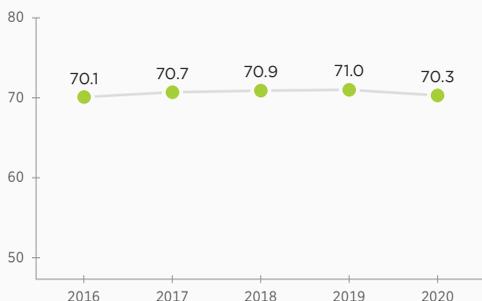
Several factors have been holding back greater economic growth and economic freedom in Macau, including inadequate protection of property rights, deficiencies in fighting corruption that have damaged government integrity, insufficient labor market flexibility, and the absence of serious regulatory reform. The government will have to address and correct these inadequacies if it hopes to stimulate economic growth that is not based on gaming.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -1.7

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.7 million

**GDP (PPP):**  
\$77.3 billion  
4.7% growth in 2018  
5-year compound annual growth -1.8%  
\$116,808 per capita

**UNEMPLOYMENT:**  
2.0%

**INFLATION (CPI):**  
3.0%

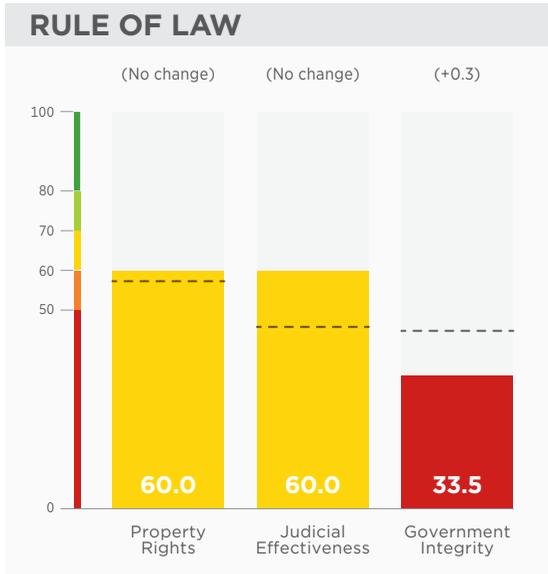
**FDI INFLOW:**  
\$1.1 billion

**PUBLIC DEBT:**  
0.0% of GDP

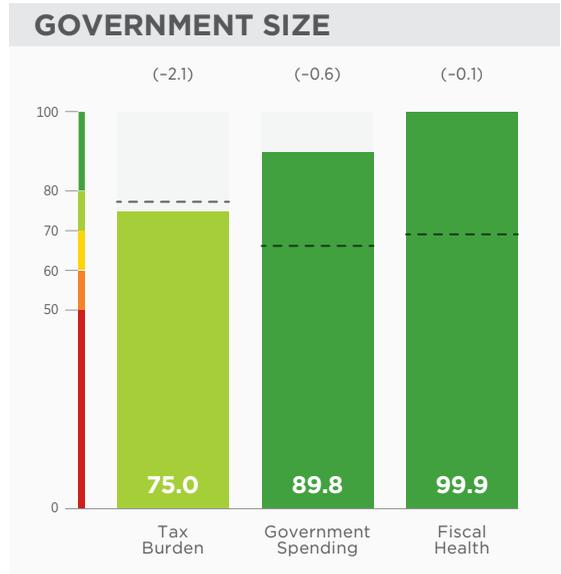
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** Colonized by the Portuguese in the 16th century, Macau became a Special Administrative Region of the People's Republic of China in 1999, and its chief executive is appointed by Beijing. The world's largest gaming center, Macau is the only place in China where casinos are legal. The Macanese economy is growing so strongly that the International Monetary Fund is now projecting that by 2020, Macau will overtake Qatar and become the country with the world's highest GDP per capita. Gaming-related taxes account for about 80 percent of government revenues. There is a paucity of attractions for nongambling tourists, and government efforts to encourage economic diversification face formidable constraints.

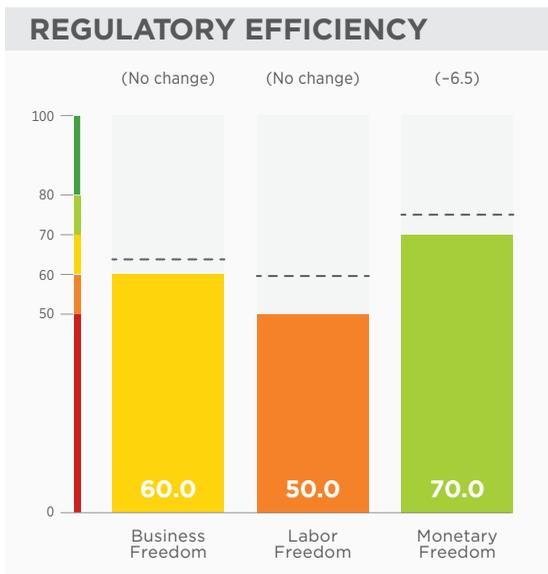
# 12 ECONOMIC FREEDOMS | MACAU



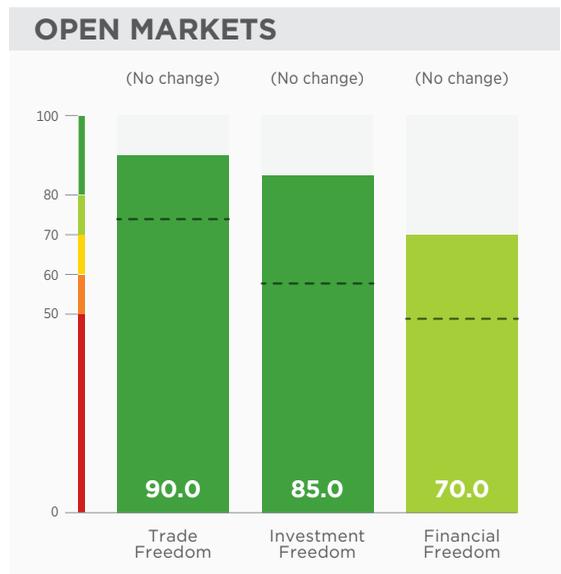
Private ownership of property and contractual rights are established in the Basic Law, which serves as the territory's constitution. Under "one country, two systems," Continental European law is the foundation of Macau's legal system. Judicial processes are generally regarded as procedurally competent, fair, and reliable. In January 2019, the government took steps to make procurement more transparent.



The top personal income tax rate is 12 percent, and the top corporate tax rate is 39 percent. Gambling tax revenues are quite high. The overall tax burden equals 28.9 percent of total domestic income. Government spending has amounted to 18.5 percent of the country's output (GDP) over the past three years, and budget surpluses have averaged 12.9 percent of GDP. Public debt is equivalent to 0.0 percent of GDP.



The business environment is relatively favorable for enterprises, but the pace of business-friendly reform lags behind the pace in other countries. The labor market lacks dynamism and in many ways is dominated by casino operators. Gambling revenues surpass Las Vegas and are higher than anywhere else in the world. Monetary stability has been relatively well maintained, but spending on generous government subsidies increased by 45 percent in 2019.



The total value of exports and imports of goods and services equals 116.4 percent of GDP. The average applied tariff rate is 0.0 percent, and 31 nontariff measures are in force. The government does not officially discriminate between foreign and domestic investors, but services markets are subject to a few restrictions. A relatively small financial system, dominated by banking, provides easy access to financing.