

Macau to continue growing but must boost infrastructures

Macau in the coming years is going to face challenging growth and small and medium-sized companies will have difficulty surviving, as they will be competing against the gambling and tourism industries, according to the Economist's Intelligence 2008/2009 outlook.

The Economist Intelligence Report Unit's most recent report states that the Macau government, with its coffers full, has to ensure that infrastructure projects meet the demand of the two sectors on which the territory bases its economy: Gambling and tourism.

According to the report, the greatest concern for Macau will be if its transport and other infrastructure projects will be enough, "especially now that approvals for new construction and infrastructure projects have slowed dramatically in the wake of the high-profile sentencing of the former secretary for transport and public works, Ao Man-long, to 27 years' imprisonment on corruption charges."

The Economist Intelligence Report Unit also said that new hotels and entertainment centres that are built in the Cotai area (between the islands of Taipa and Coloane) should help reduce the high percentage that gambling revenues represent in concessionaires' total income.

"Non-gaming revenue makes up a mere 5% of casino resort revenue in Macau, compared with 50% in Las Vegas, but the string of new properties set to open over the coming 18 months has the clear potential to bring Macau closer to the Las Vegas mix," the report said.

The report said that Macau's growth forecast is „bright“, with USD 20 billion being invested in a series of new casinos and

hotel projects, which will continue to be backed by gambling and tourism revenue.