

## Macau | Dependency on gaming may drag the city down as China decelerates

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Macau (MNA) – Macau's dependency on patrons from Mainland China makes the city vulnerable to China's economic slowdown, and the mass gaming market, scholars and industry insiders told Macau News Agency (MNA).

Ben Lee, managing partner at iGamix, a Macau-based gaming consultancy, highlights the fact that gaming is not only the 'single big revenue' in Macau, but also 'the biggest employer group, and probably the biggest buying group of services and products' in the city

'Adding into the mix the fact that we estimate that approximately 70-80 per cent of the gross gaming revenue originates from China ultimately impact our economic well being here,' Mr. Lee argued.

Media reports stated last week that China is growing at its slowest pace in the last nine years, with growth expanding 6.5 per cent in

Wang Changbin, the Director of Gaming Teaching and Research Centre at the Macao Polytechnic Institute. (MPI) also stressed that Macau's economy 'has more than 60 per cent of tourists and most of the high rollers are from Mainland China.'

The Dean of the Faculty of Business Administration of the University of Macau (UM), Jacky Yuk-Chow So, claims that the deceleration in China will have an impact 'especially for the VIPs,' but does not discard the possibility of it also affecting the mass market if the downturn affects middle income families, or triggers higher unemployment rates.

The impact may not be 'immediate' though, alerts Ricardo Chi Sen Siu, Associate Professor in Business Economics, also at the UM, adding that the 'effects' to the city's economy in the coming months and, eventually next year, 'may not be overlooked.'

Siu also believes slower growth in China will have an effect on gaming expenditure by mass market patrons, as 'the growth in inbound tourism to Macau may be under pressure.'

He added that it is important to also pay attention to factors such as the Renminbi exchange rate and China's monetary policy, since these factors additionally affect Macau's economy.

#### Alternatives

In order to activate alternatives to a potential slowdown in the gaming market, Macau's main source of revenue, Mr. So believes the government should seek to promote the city in Hong Kong, in case the neighbouring SAR is spared from a similar impact, by devising a strategy to

'Hong Kong and China are the top two tourists for Macau. South Korea, Taiwan and Japan should be the next target for Macau in terms of tourists to maintain the same level of tourists,' the Professor suggested.

Yet, Mr. Lee sounded more skeptical, as he believes the 'dependency of Macau on the Mainland has been accentuated over the past decade since the liberalisation of gaming.'

Professor Siu also expects the government 'may not be able to do much' following changes in the external macroeconomic environment.

'Nevertheless, as the Hong Kong-Zhuhai-Macao Bridge opens, and the development of the Great Bay Area should not slow down, the government should put more efforts to promote the positive effects, or to lower the uncertainties, to the local economy,' he noted.

The super bridge was **officially inaugurated** this morning by China's President Xi Jinping in Zhuhai.