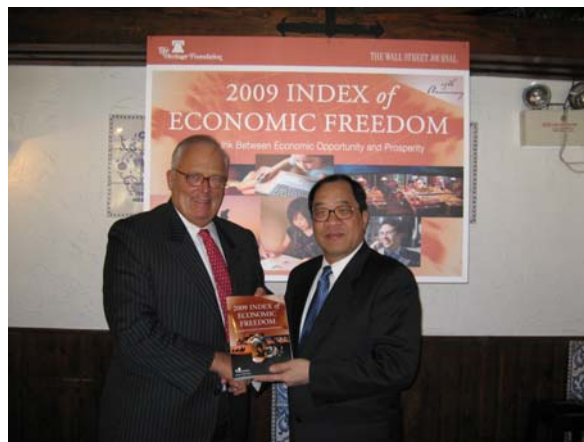




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Macao SAR Ranks Sixth Freest Economy in the Asia Pacific Region



The Heritage Foundation released today its 2009 Report on the Index of Economic Freedom, ranking Macao for the first time at 6th in the Asia-Pacific region and 21st among 179 economies worldwide.

The study covered 179 economies worldwide after assessing them on 10 economic freedom factors. Macao ranked markedly high in factors such as government size, trade freedom, monetary freedom, investment freedom and financial freedom.

The Foundation's 2009 Report says that Macao is an open and vibrant free-market economy. The overall business environment is efficient and streamlined. Foreign investors are welcome to conduct business on the same terms as local business people. Its financial sector, in particular, is modern and competitive.

In the Asia-Pacific region, Macao just ranked behind Hong Kong, Singapore, Australia, New Zealand and Japan. In the global ranking of economic freedom, Macao ranked 21st and was classified as “mostly free”.

According to the Heritage Foundation, economic freedom is strongly related to good economic performance. Per capita incomes are much higher in economies that are



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economically free. Economies rated “free” or “mostly free” in the 2009 Index enjoy incomes that are more than double the average levels in all other economies.

Monetary Authority of Macao

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ECONOMIC FREEDOM STILL KEY TO GROWTH AND PROSPERITY, 15TH INDEX OF ECONOMIC FREEDOM SHOWS

**Freer Economies Lead in Income, Poverty Reduction and Protection
of the Environment; Hong Kong and Singapore top Index;
Libya, Burkina Faso and Qatar are most improved**

WASHINGTON, JAN. 13, 2009—The level of economic freedom in the world has continued to grow over the last year, with 83 economies representing every region posting gains in the 15th annual Index of Economic Freedom, released today by The Heritage Foundation and *The Wall Street Journal*.

The Index expanded its coverage significantly in 2009, ranking an additional 21 economies to bring the total number ranked to 179. Most of the economies ranked for the first time this year are small and developing. They generally scored poorly, lowering the overall Index average for 2009 to 59.5. However, average scores for those economies ranked in 2008 increased slightly in the new Index, from 60.2 to 60.3 (on a scale in which 100 represents the ideal).

Hong Kong and **Singapore** finished 1st and 2nd in the rankings for the 15th straight year. With **Australia** in 3rd place and **New Zealand** at number 5, the Asia-Pacific region boasts four economies in the top 10.

Europe also registered four top 10 placements: **Ireland**, **Denmark**, **Switzerland** and the **United Kingdom**. The North America region rounds out the top 10 with the **United States** and **Canada** finishing at 6th and 7th, respectively.

Every region can boast of at least one economy in the top 20, but fully half of those included on that list are European. One of the economies in sub-Saharan Africa, **Mauritius**,

improved on the gains it made last year to retain a spot in the top 20, as did **Bahrain**, the one economy from the Middle East/North Africa region to make that list.

Yet it was low-ranking **Libya**, which cancelled import tariffs on more than 3,500 product categories that wound up as this year's most-improved economy. A 2009 score of 43.5 (a 4.8 point improvement over last year) earned it a worldwide ranking of 171st place.

Zimbabwe, meanwhile, posted the biggest drop. New restrictions on business freedom and fiscal freedom, along with the world's worst hyper-inflation, caused that economy's score to drop by 6.7 points, to next-to-last place in the rankings. Venezuela suffered the second-largest drop. Low scores in business and monetary freedom, among other factors, reduced its economic freedom score by 4.8 points, dragging it 28 places lower than last year's ranking.

Overview

"Many governments are maintaining a strong commitment to economic freedom, but others are regressing," the editors write. "Regrettably, populist attacks on the free market, fueled by the economic slowdown and the political temptation of quick interventionist remedies, have gained momentum."

Of the 179 countries graded in this year's Index, only seven scored 80 or higher—the rating necessary to qualify as having a "free" economy. Another 23 earned 70-79.9 points, ratings that characterize them as "mostly free." Fifty-three economies are classified as "moderately free" (with scores between 60 and 69.9), while 67 are classified as "mostly unfree" (scores from 50 to 59.9). The remaining 29 economies, up from 24 last year, are classified as "repressed" (scores below 50).

The Most Free

Hong Kong (1st)
Singapore (2nd)
Australia (3rd)
Ireland (4th)
New Zealand (5th)
United States (6th)
Canada (7th)
Denmark (8th)
Switzerland (9th)
United Kingdom (10th)

The Least Free

Sao Tome/Principe (170th)
Libya (171st)
Comoros (172nd)
Congo (173rd)
Venezuela (174th)
Eritrea (175th)
Burma (176th)
Cuba (177th)
Zimbabwe (178th)
North Korea (179th)

The 2009 Index reinforces a central finding of past reports: Economic freedom is strongly related to good economic performance. “Per capita incomes are much higher in countries that are economically free,” the editors note. “Economies rated ‘free’ or ‘mostly free’ in the 2009 Index enjoy incomes that are more than double the average levels in all other countries and more than eight times higher than the incomes of ‘repressed’ economies.”

Economies classified as free or mostly free also do a much better job promoting human development, reducing poverty and protecting the environment. The editors found strong correlations between economic freedom scores and these economic and social variables.

Changes in economic freedom can be as important as the level of scores. Economies whose freedom has grown by at least 5 points over the 15 year life of the Index experienced average per capita GDP growth rates more than twice as high as those whose scores dropped by 5 points or more.

Regional Differences

Across the six regions, North America is the most economically free, with an average score of 75.7. Europe follows at 66.3. The South and Central America/Caribbean region and the Middle East/North Africa region were virtually tied, with average scores of 60.1 and 60.0 respectively. The Asia-Pacific and Sub-Saharan Africa regions trailed with average ratings of 57.6 and 53.1, respectively.

Asia-Pacific

Asia remains the world’s most economically mixed region, home to some of the freest and the most repressed economies. **Hong Kong** and **Singapore** continue to lead the world, along with **Australia** and **New Zealand**. **Japan** (19th) and **Macau** (21st) earned places in the world’s top 30 as well.

Meanwhile, **Bangladesh**, **the Solomon Islands**, **Kiribati**, **Turkmenistan**, and **Burma** are classified as “repressed” economies, and **North Korea** remains the world’s least-free economy. In all, 18 economies in the region improved their Index scores from 2008, while 12 declined.

Europe

Half of the world’s 20 freest economies are found in Europe. **Ireland** leads the European pack, ranked 4th worldwide. It is followed by **Denmark** (8th), **Switzerland** (9th) and the **United Kingdom** (10th). The other European economies holding spots in the world’s top 20: **The Netherlands**, **Estonia**, **Iceland**, **Luxembourg**, **Finland** and **Belgium**.

Europe has continued to increase economic freedom by cutting tax rates and otherwise improving the business climate. The editors attribute those advances to international competition to attract investment. Overall, 19 European economies gained ground in economic freedom. However, the editors caution, Europe is saddled with burdensome labor regulations that are hindering job creation and high government expenditures supporting extensive welfare programs.

North America

Three economies comprise the new Index region of North America: **Canada** (7th), **Mexico** (49th) and the **United States** (6th). An openness to international trade and investment has helped keep the level of economic freedom high in this region, with the North American Free Trade Agreement (NAFTA) connecting more than 400 million people in an economic area with about one-third of the world's total GDP.

Canada was the only one of the three to post a gain in the 2009 Index. With the U.S. and Mexico charting small drops, the overall level of economic freedom decreased slightly in this part of the world.

South and Central America/Caribbean

Chile (11th) slipped out of the top 10 this year, even though its overall score remained virtually unchanged. In general, the South and Central America/Caribbean region held its own this past year, with just as many economies posting gains as losses (12). The gains and losses were typically slight. The biggest exceptions were the **Dominican Republic**, which improved 1.5 points, and Hugo Chavez's **Venezuela**, which posted the world's second largest decline.

The editors note "strong economic progress" in several economies, but also warn of a retreat from free-market policies in others. Some of the region's electorates, they say, are "embracing a new populism that looks very much like the old corrupt cronyism that characterized the region before the outbreak of democracy in the 1980s and 1990s."

The Middle East and North Africa

Most economies in this region are not free. Nevertheless, it posted a clear regional improvement, with 11 economies charting better Index scores and six declining.

Bahrain (16th), the only Middle East/North Africa economy to land in the top 20, raised its overall Index score by an impressive 2.6 points. **Qatar** (48th) logged an even greater improvement (3.6 points). And **Libya** (171st) was the region's—and the world's—most

improved, with a 4.8 point gain. **Israel** (42nd), **Jordan** (51st), the **United Arab Emirates** (54th) and **Saudi Arabia** (59th) also posted higher scores.

Sub-Saharan Africa

The region, despite being “characterized by poverty and instability,” made some significant progress in the last year. As a result, its overall level of economic freedom rose. Overall, economic freedom advanced in 22 sub-Saharan economies and lost ground in 15 others. Still, the majority of “repressed” economies (16 of 29) can be found in this region.

Mauritius (18th) continued on the path of reform noted in last year’s Index, improving its score by 1.7 points. **Botswana** (34th) also posted a higher Index score. But the prize for most improved in this region clearly goes to **Burkina Faso** (85th), which charted an Index score 3.8 points higher than last year’s. **Cape Verde** (77th) advanced significantly as well, bettering its 2008 Index score by 3.4 points.

The Index measures economic freedom within 10 specific categories: labor freedom, business freedom, trade freedom, fiscal freedom, government size, monetary freedom, investment freedom, financial freedom, property rights and freedom from corruption. Scores in these categories are averaged to create an overall score.

The 2009 Index was edited by Ambassador Terry Miller, Director of Heritage’s Center for International Trade and Economics, and Dr. Kim Holmes, Heritage’s vice president for foreign affairs. Copies of the 2009 Index (455 pp., \$24.95) can be ordered at heritage.org/index or by calling 1-800-975-8625.

About The Wall Street Journal

The Wall Street Journal, the flagship publication of Dow Jones & Company is the world's leading business publication. Founded in 1889, The Wall Street Journal has a print and online circulation of more than 2 million, reaching the nation's top business and political leaders, as well as investors across the country. Holding 33 Pulitzer Prizes for outstanding journalism, The Wall Street Journal provides readers with trusted information and knowledge to make better decisions. The Wall Street franchise has more than 760 journalists world-wide, part of the Dow Jones network of nearly 1,900 business and financial news staff. Other publications that are part of The Wall Street Journal franchise, with a global audience of 3.8 million, include The Wall Street Journal Asia and The Wall Street Journal Europe. The Wall Street Journal Online at WSJ.com is the largest paid subscription news site on the Web with 10.9 million users each month. In 2008, the Journal was ranked No. 1 in BtoB's Media Power 50 for the ninth consecutive year. The Wall Street Journal Radio Network services news and information to more than 310 radio stations in the U.S.

About The Heritage Foundation

The Heritage Foundation is the nation's most broadly supported public policy research institute, with more than 390,000 individual, foundation and corporate donors. Founded in 1973, Heritage now has a staff of 244 and an expense budget of \$61 million.

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