

CHINESE NEW YEAR WHAT TO EXPECT IN THE YEAR OF THE HORSE

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SPECIAL REPORT

WILL IT FLY?

THE NEW CIVIL AVIATION ACT IS NOW IN EFFECT, PAVING THE WAY FOR LONG-AWAITED LIBERALISATION. NEW CARGO PLAYERS ARE EXPECTED TO MOVE FIRST, AHEAD OF NEW LICENSED PASSENGER AIRLINES. SECURING AN EDGE WILL BE KEY AMID SEAMLESS GBA LINKS AND COMPETITIVE AIRPORT OPTIONS

HOSPITALITY



ROOM TO GROW

MACAU HOTEL ASSOCIATION HEADS JOCELYN WONG AND RANDY CHUNG SHED LIGHT ON THE CITY'S EVOLVING HOSPITALITY LANDSCAPE. THE HOTELIERS WEIGH IN ON EXTENDING VISITOR STAYS, REVITALISING ZAPE, ENHANCING EXPERIENCES, AND ATTRACTING MORE OVERSEAS GUESTS

GAMING

GALLOPING AHEAD

THE NEW YEAR GOT OFF TO A HORSEPOWER START, DRIVEN BY STRONG PREMIUM-MASS DEMAND AND SURGING HIGH-END PLAY. HOW CLOSE WILL 2026 GGR COME TO PRE-PANDEMIC LEVELS?

ENVIRONMENT

FILLING THE LAND

REMEMBER COTAI'S PARCELS 7 AND 8? ONCE EARMARKED FOR IR DEVELOPMENT, NOW A TEMPORARY CONSTRUCTION WASTE SITE. AUTHORITIES PLEDGE TO MINIMISE IMPACT



Macau MOP 35
Hong Kong HK\$ 40
Mainland China RMB 35

SPECIAL REPORT

Civil aviation liberalisation

Will it fly?



Slow-paced liberalisation

This month's special report examines the entry into force, on 1 February, of the new Civil Aviation Law, which will gradually liberalise Macau's airspace and encourage more companies to establish a presence in the city.

Thirty years of Air Macau's monopoly are coming to an end. The airline has long served as Macau's flag carrier, but that appears to have been its sole benefit. Macau remains one of the last places in the world to liberalise commercial aviation, which speaks volumes about the pace of change.

Yet this liberalisation will be gradual. The law is designed to give Air Macau time to prepare for competition in the initial years, and it would not be surprising if, following models such as Singapore, the MSAR company launches a low-cost carrier before other entrants have the chance to move ahead.

The impact will also be felt in other areas, such as cargo, where at least one new operator has already applied for a licence. Competition in the Greater Bay Area, airport expansion, and effects on tourism are other topics explored in this report. ■

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Reshaping the skies

The law, which came into force on 1 February, is hailed by the government as a “significant step towards the liberalisation of Macau’s air transport market,” but legal experts warn that key questions remain unresolved

The new Civil Aviation Law represents a significant overhaul, claiming to open up the market by liberalising cargo carriers and introducing passenger carrier licences through public tender,” states Ricardo Figueiredo Lopes, one of the few local lawyers with an interest in aviation-related legislation.

According to this associate lawyer at FCLaw office, “this reflects a clear global trend, particularly in East and Southeast Asia, where competition from private carriers has expanded routes and lowered fares—an approach that Macau is finally adopting.”

However, argues the barrister, interviewed by *Macau Business*, “the law leaves many crucial details—such as the number of licences—to future regulations that have yet to be introduced. Therefore, we must wait and see how the law will be implemented, and whether it will establish clear, fair rules that foster genuine competition, diversified routes, competitive pricing, and improved service quality.”

Loi I Man, lawyer at WICH Law Firm, holds a similar position to her colleague.

While on the one hand she considers that “the new law can be interpreted as a shift from concessions to licences, indicating a measured approach to market liberalisation” and

that “the recent legislation, through the licensing system, has already created opportunities for locally established companies to enter the market,” on the other hand she identifies some gaps.

Gaps in transparency and predictability

“From a regulatory perspective, research suggests that the licence terms are relatively long, the time and frequency of the remaining issue are undefined, and the definitions of principal place of business and ownership control have not been specified. The allocation of routes and slots has not been made public,” says Loi I Man, also author of a master’s thesis on the topic of civil aviation in Macau.

“These gaps in transparency and predictability imply that new carriers seeking entry into the Macau market must navigate and grapple with these institutional arrangements. The existing provisions leave room for further refinement, which could be addressed in future administrative regulations,” she adds.

“Clearer rules could facilitate the effective realisation of competition,” is one of Loi I Man’s concerns.

The lawyer-partner at FCLaw gives some examples: “International best practices suggest that the licensing regime

AACM receives first application from freighter operator

While the law officially came into effect on 1 February, the provisions allowing the establishment of all-cargo airlines have been in force since 8 July 2025, “signaling the full opening of the air cargo sector,” according to the AACM.

Almost immediately, AACM received an application for an Air Operator Certificate (AOC) from a freighter operator and has begun the approval process.

The issuance of an AOC in Macau is governed by the Special Administrative Region’s aviation laws and regulations, which align with the standards and recommended practices of the International Civil Aviation Organization (ICAO), as adopted by civil aviation authorities worldwide, explains AACM.

“The institutional arrangements of the new law provide opportunities for differentiated operations, creating space for a variety of enterprises to enter the market,” says Loi I Man. For her, “full liberalisation of the cargo market can attract specialised companies, leading to the emergence of new corporate models in the cargo and charter sectors.”

“Analysis of Development Strategies for Macau International Airport” (2024), a research paper by Guan Shuoxun of the Faculty of Innovation and Design at the City University of Macau, notes that “cargo routes can also increase airport revenue and promote regional economic development.”

She adds that, as “Macau is actively building on an important support point for the GBA’s technology and innovation corridor,” opening cargo routes at Macau International Airport (MIA)



may specify the number of licences and the frequency of issuing.” It can also establish “different types of licences for various categories, allowing market participants to anticipate future opportunities.”

Based on the research she conducted as part of her master’s degree at the University of Saint Joseph, Loi reveals that “comparative evidence suggests that clearer entry standards and transparent slot allocation could facilitate competition,

promoting more equitable operating conditions for carriers.”

And it is with a researcher’s eye that Loi I Man concludes the ideas she shared with Macau Business: “These observations are only preliminary and derived from a comparative perspective. Further empirical research and refinement of the regulatory framework will be required to assess how the market can achieve a sustainable balance between stability and diversity.” ■



“can help promote the development of high-end manufacturing industries and transport products such as electronic devices and biopharmaceuticals to destinations around the world.”

Cargo appears to be a major focus for the government, which has decided to build a Hengqin Pre-Clearance Cargo Terminal for MIA. Construction began at the end of last year and is

scheduled for completion by the end of 2026, with operations expected to start in the first half of 2027.

Once operational, the facility will extend MIA’s air-cargo handling capabilities into Hengqin under a “front terminal, rear airport” model. It is designed to handle up to 300,000 tonnes of air freight annually, positioning Macau and Hengqin as a regional air logistics hub and improving logistics efficiency in the Greater Bay Area.

“This project holds significant strategic importance as it extends MIA’s air cargo handling capacity into Hengqin, supporting the development of a regional air logistics hub,” explains the airport operator (CAM).

At the end of last year, MIA’s Cargo Tracking Platform included Air Macau Cargo, EVA Cargo, Xiamen Airlines, AirAsia Cargo, Shenzhen Air Cargo, Philippine Airlines Cargo, and Shanghai Air Cargo.

“With the strong development of regional high-tech manufacturing industries, led by Hengqin, there is great potential for opening new cargo routes,” concludes Guan Shuoxun.



Will Air Macau follow Singapore or Malaysia?

Macau's flagship carrier faces a pivotal moment as liberalisation opens the skies. Two regional models offer contrasting paths, yet both highlight the growing pressure from low-cost players

From Air Macau's perspective, the loss of its monopoly is never welcome, and the timing—coming after the pandemic—could hardly be worse. In 2020, the government accepted arguments to postpone liberalisation by five years. But now, balancing the protection of the airline, the broader public interest, and the specific needs of the tourism market, further delays were no longer possible.

The flag carrier has been posting losses since the pandemic. In 2024, it required a reduction and subsequent increase in share capital to secure substantial financial reinforcement. By the end of that year, Air Macau's net worth stood at MOP209 million, representing just 24.8 per cent of its share capital. Being less than half of the share capital, the airline risked dissolution at the request of any partner, shareholder, or creditor, under Article 206 of the Commercial Code. That same year, the company reported a net loss of MOP677 million.

Ongoing losses and the burden of bank loans have highlighted the constraints facing the Macau-based carrier. The

government, a minority shareholder in Air Macau, drafted the law to "preserve the operations of existing carriers during the transition from the concession system," according to researcher and lawyer Loi I Man. She adds: "The arrangements in the new Civil Aviation Law can be interpreted as a specialised framework balancing stability and competition."

"From this perspective, it may appear to protect Air Macau. It reflects incumbent stabilisation," says Loi. "However, Macau's aviation market has always included other participants—international airlines through bilateral agreements, as well as business aviation and charter services. The structural changes introduced by the new law are therefore not about protecting one carrier at all costs, but about managing a gradual transition: maintaining continuity for the incumbent while opening space for other operators, balancing stability with competition."

Ricardo Figueiredo Lopes, another local lawyer with aviation expertise, concurs: "For practical reasons, I believe the law chose to grant Air Macau a new licence without tender, given that it is an established operator with resources already

in place, to ensure that the operations of Macau's only airline would not be interrupted during this transitional phase."

From his perspective, "it was—and still is—strategically important for Macau's interests to maintain a state-controlled airline, ensuring that the Territory secures stable connections to key destinations."

Maintaining the current profile or creating an LCC

Regardless of the approach, Air Macau will need to respond proactively to emerging challenges. Residents expect benefits such as lower fares, increased traffic, and greater choice and frequency, while the government hopes the new law will stimulate international tourism.

Looking at international examples—Pan Am or TWA in the United States, or Sabena and Swissair in Europe, which failed to survive liberalisation—decisions for Air Macau are pressing. New low-cost carriers (LCCs) are expected to enter the market, potentially forcing Air Macau to reduce its cost base. The airline must decide whether to maintain its current full-service profile, create or acquire an LCC, or transform into a hybrid-LCC. Whatever the path, survival will likely require aggressive cost-cutting, labour-contract renegotiation, and possibly launching a low-cost subsidiary while leveraging its unique position for connections to the mainland.

Singapore

Focusing on Asia, two key examples illustrate differing approaches to liberalisation. In Singapore, market opening attracted competition from both established global carriers and aggressive regional LCCs such as AirAsia and Jetstar. Singapore Airlines (SIA), a premium full-service carrier, faced the classic incumbent's dilemma: how to compete with low-cost fares? Rather than diluting its flagship brand, SIA created and acquired its own LCC subsidiary, Scoot, which merged with regional LCC Tigerair. This strategy allowed the group to compete in the budget segment while preserving the premium identity of Singapore Airlines.

Malaysia

Malaysia offers a cautionary tale. Malaysia Airlines (MAS), a state-owned carrier, was often constrained in making purely commercial decisions. When it became the home base for the successful LCC AirAsia, which rapidly captured short-haul and regional market share, MAS struggled to respond. Multiple expensive restructuring attempts—including privatisation in 2014—and branding shifts failed to restore competitiveness. AirAsia and other regional carriers dominated domestic and leisure traffic, highlighting the cost-competitiveness challenges imposed by liberalisation.

As noted in the research paper *Impact Analysis of Bilateral Liberalization of Air Transport and Comparison with Air Macau*, prepared at Macao Polytechnic University, "in order to survive in the competitive market, Air Macau may need to reduce fares, improve service quality, expand market scale and take other measures to cope with market competition. Therefore, in the context of bilateral liberalisation of air transport, the opportunities and challenges faced by Air Macau Limited cannot be ignored." ■



30 years of monopoly

It is clear that Air Macau's monopoly did not truly end on 1 February, but formally, the airline held exclusive rights for 30 years and two months.

"If maintaining Air Macau's monopoly for such an extended period inevitably limited competition, innovation, and consumer choice," admits lawyer Ricardo Figueiredo Lopes, "over the years, we have seen several potential operators expressing interest in establishing services in Macau, which indicates that Air Macau enjoyed a rather comfortable position, while the community was deprived of the benefits of competitive pricing and diversified routes."

"I believe that with the entry of other carriers and the introduction of greater competition, Macau could broaden and diversify its destinations, tap into new tourism markets, and improve the overall quality of travel services—all while offering more competitive fares," predicts Figueiredo Lopes.

"Air Macau played a stabilising role during Macau's development," adds her colleague, Loi I Man. "Prior to the new aviation law, the airline continued to operate as the territory's local carrier, contributing to public passenger services and maintaining connectivity with the international aviation network. This institutional contribution can be interpreted as fundamental to meeting the transportation needs of residents and visitors."

But while "Air Macau's status as the flag carrier may have enhanced Macau's international visibility" and "provided stability and connectivity," this came with "trade-offs typical of monopoly structures, such as limited price competition and slower diversification."

"Although the institutional contribution of Air Macau is evident, the exclusivity period also appears to have constrained market development, prompting the new legislature to introduce alternative solutions," concludes Loi I Man.



Hoping for more and cheaper flights

If trends observed elsewhere are repeated in Macau, the clear winners will be consumers and the tourism sector

The nearly three decades of Air Macau's monopoly generated much debate, and local universities took an active interest.

"The implementation of bilateral liberalisation measures in air transport has a positive impact on the development of the air transport industry and the upgrading of Macau's aviation industry, which is conducive to the further development and improvement of the global aviation market," notes a research paper titled *Impact Analysis of Bilateral Liberalisation of Air Transport and Comparison with Air Macau (2023)* from Macao Polytechnic University.

"Under the implementation of this policy, Macau's aviation industry is expected to play an important role as a transit hub, attract more ticket sales and passenger traffic, and provide fresh impetus to the development of Macau's aviation in-

dustry," the paper adds. In 2023, however, the authors were not yet aware of the "controlled liberalisation" model adopted by the Government under the new law.

"Macau's aviation industry should integrate global aviation market resources, promote in-depth cooperation in air transport, and make positive contributions to the overall development of the sector. It can be predicted that the measures of bilateral liberalisation of air transport will have a major impact on the development and competitive patterns of the global aviation market in the future," conclude the authors, Jiehua Zhong and Ho Yin Kan.

Negative and positive effects

Although the authors acknowledge "challenging issues" or "negative side effects" (see text on these pages), the benefits clearly outweigh them. From the outset, they emphasise that "air transport plays an important role in international trade



Civil aviation liberalisation Will it fly?

“With the increasing competition in the aviation market, the number of flights has increased significantly, and airlines have begun to offer consumers more flight choices”

– Zhong and Kan

with greater geographical distance between the origin and destination.”

“In addition, the impact of air transport liberalisation on tourism demand is influenced by factors such as political stability, economic development, and the level of tourism infrastructure,” emphasise the researchers from Macao Polytechnic University.

Specifically, “liberalisation of air transport is of great significance to tourism development, as it is expected to expand international tourism, increase employment opportunities, and raise the economic contribution of tourism,” notes another study analysing Southeast Asian data before and after the introduction of air transport liberalisation (The effect of air transportation liberalisation on tourism development: evidence from ASEAN countries, 2022).

Another potential benefit is improved airline efficiency. “Liberalisation has brought new market competition, encouraging airlines to enhance efficiency and reduce costs to remain competitive. It also promotes cooperation and alliances, allowing airlines to better utilise resources and service advantages.”

If Macau experiences similar trends, airline competitiveness is expected to improve significantly, leading to more rationalised and potentially lower air fares. Airlines may reduce prices by optimising operational costs, improving efficiency, and enhancing service quality. Zhong and Kan also note that “with the increasing competition in the aviation market, the number of flights has increased significantly, and airlines have begun to offer consumers more flight options. This trend is not limited to large carriers; relatively small regional airlines are also providing diverse solutions to attract passengers.”

Some studies forecast traffic growth of between 12 and 35 per cent in the years following liberalisation, though passenger market liberalisation in Macau will be phased in over the coming years. ■

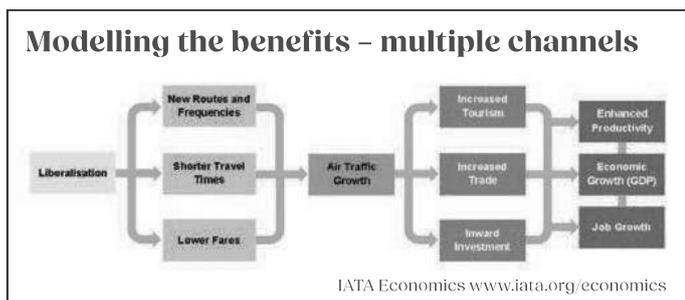
and tourism, and aviation liberalisation is one of the key trends in the development of international air transport.”

Since the 1990s, they note, most countries and regions have signed a series of bilateral and multilateral liberalisation agreements “aiming to promote the opening of the international aviation market, improve transport efficiency, expand market share, and maximise economic and social benefits.” Over time, “the impact of aviation liberalisation has gradually emerged.”

Given that airspace liberalisation has occurred almost worldwide, with Macau being one of the last holdouts until 31 January 2026, it is no surprise that this topic has attracted significant study.

Airline competitiveness expected to rise

Post-liberalisation trends indicate that air transport “will significantly boost international tourism demand from the country of departure to the destination, and this impact will grow



Disputes and challenges

While liberalisation promises clear benefits, particularly for consumers, the transition to the new model is unlikely to be seamless, with risks such as “price wars and airline monopolies caused by overly fierce market competition.”

Zhong and Kan highlight “challenging problems, such as restrictions on market access and regulatory uncertainty, which can affect airline operations and efficiency.”

Similarly, bilateral liberalisation can also bring “negative side effects, including the possibility of excessive prices for airlines, safety issues, and reduced service quality.”



A long-held dream: direct flights to Europe

Of all European destinations, Lisbon has consistently topped the wish list

“**T**here’s so much talk about the Sino-Lusophone platform, but there still isn’t a single direct air route to Lisbon,” said MP Ip Sio Kai last December during a debate on the 2026 Policy Address in the area of Transport and Public Works.

“This route is extremely important because flying to Lisbon is, in practice, flying to Europe, in addition to being a stopover point for Brazil. If we had this connection, it would be very useful for us as a Sino-Lusophone platform,” the MP added.

In response, the president of the Civil Aviation Authority, Pun Wa Kin, said that the Government attaches great importance to aviation development, but “in commercial operations, airlines often consider market demand, operating costs, long-

term benefits and route competitiveness before deciding to launch new flights.”

When Ip suggested that the Government could subsidise the route, Pun replied that such support “involves different sectoral policies” and that “the Macau SAR Government needs to analyse the issue comprehensively, in all aspects.”

Ip is not the first deputy to propose a Macau–Europe air link, but to date none of the territory’s Chief Executives have been willing to take the only step that would make the connection viable: covering the resulting losses. However, the director of CAM’s Marketing Department told the Portuguese-language newspaper *Jornal Tribuna de Macau* in August that the Macau SAR Government should provide “special support” to reduce costs.



Two years, MOP200 million

Macau has, in fact, already had a connection to Lisbon, operated by the Portuguese airline TAP between 1996 and 1998, with two flights a week. At the time, TAP reported losses of around MOP 200 million.

Nearly 40 years have passed since that experience, but experts note that commercial aviation has not changed significantly. An intercontinental connection only twice a week

always faces profitability challenges. Experts suggest that five to six weekly flights would be more sustainable.

Would there be enough traffic between Macau and Lisbon?

Another problem observed during TAP's two years of service was the need for stopovers—first in Brussels, then Bangkok—to increase supply and refuel. The result: the journey could not be faster than competing routes from London, Frankfurt, or other European capitals to Hong Kong. ■

Hinging on airport expansion

The current facility standards of Macau International Airport make it difficult to accommodate the take-off and landing of long-distance aircraft. However, under the concept of sharing and economy, we can explore measures such as code-sharing flights and extending routes to help address the current traffic shortage to Portuguese-speaking countries," wrote Yile Chen, Faculty of Humanities and Arts, Macau University of Science and Technology.

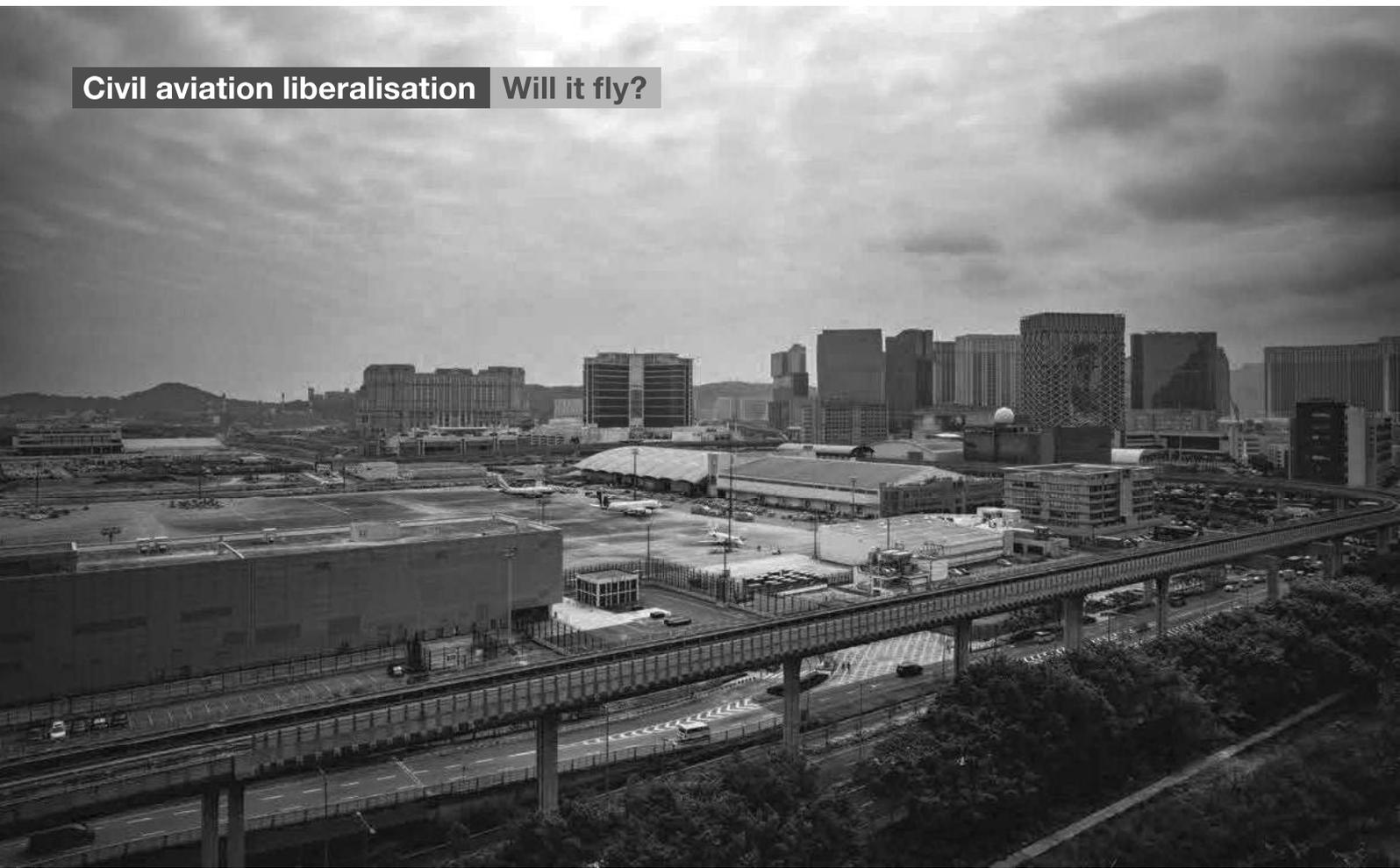
The solution, Chen states, is to "wait for the airport's further expansion to be completed," with new routes "expanded after estimating navigation costs."

"For the construction of international routes, coordination across regions, the uniqueness of cities, and the complementarity between cities are urgent issues that need to be

resolved," noted the author of *Research on the navigation between Macau International Airport and Portuguese-speaking countries based on variflight analysis (2022)*.

Two years later, Guan Shuoxun, Faculty of Innovation and Design, City University of Macau, argued that "if Macau Airport opens intercontinental routes, it could attract not only European and American tourists, but also Chinese residents travelling to Europe and America via Macau."

"Although achieving direct flights to North America in the short term is not feasible, it is possible to explore code-sharing flights from Japan and South Korea to North America by collaborating with Star Alliance partners such as All Nippon Airways and Korean Air," reads *Analysis of Development Strategies for Macau International Airport (2024)*.



New players? Government to “prudently” assess timing

The end of Air Macau’s monopoly may be slower than residents anticipate, as the arrival of new home-base airlines is not just around the corner

In 2024, the president of the Macau Institute of Management, Samuel Tong Kai Chung, held a press conference on “Strategies for the Development of Macau’s Civil Aviation Market in the Context of the Guangdong-Macau In-depth Cooperation Zone in Hengqin.” Among other points, Tong identified “four main challenges”: “first, our domestic market is very small due to the relative size and homogeneity of our population and industrial structure; secondly, our market is not open enough, as we have had only one locally based airline since the opening of Macau International Airport in 1995, due to institutional barriers.” Thirdly, Samuel Tong warned that “the supply of human resources is not able to catch up with market needs, with only a few local tertiary-education institutions offering bachelor’s degrees or other programmes in science, technology or management, and relatively few professional training programmes in aviation; and fourthly, regional competition is becoming increasingly

intense with the growing number of airports in Guangdong province—including Hong Kong and Macau in the future.”

The Government had to consider these “four major challenges” when drafting the new law, but that was not the only factor.

Airspace sovereignty

As Loi I Man notes in his 2025 master’s thesis, “Macau region’s status does not confer sovereignty over airspace,” meaning that “the application of international aviation frameworks requires careful adaptation for regions with such status, where political and administrative arrangements require specific considerations.”

“Unlike fully sovereign states, Macau’s aviation authority exercises management authority within the ‘One Country, Two Systems’ framework. This creates a complex legal environment where Macau must balance local autonomy with

national sovereignty,” states Loi in his thesis *Study of the Regulatory Framework of Aviation Reform in the Macau Special Administrative Region: Analyzing the Balance between Protection and Liberalization*.

The Civil Aviation Authority (AACM) told *Macau Business* that, unlike cargo liberalisation, “introducing new home-base passenger airlines requires cautious consideration, as it relates to the healthy development of the industry. The SAR government will prudently assess the timing to ensure market stability and attractiveness before taking appropriate action.”

Currently, Macau has established air service agreements with 50 countries, most of which contain liberal provisions. These include allowing fifth freedom rights, the designation of multiple airlines, no capacity restrictions, and recognition of the airline’s principal place of business as its nationality, according to AACM.

“Macau possesses abundant air traffic rights resources, which is an advantage for expanding into international markets. The Civil Aviation Authority is constantly reviewing existing air service agreements and actively engaging with counterpart authorities to negotiate further liberalization,” the government body explained.

A significant step towards liberalisation

“These efforts aim to remove constraints on airlines, facilitating capacity expansion and the launch of new routes. Coupled with the airport expansion and land reclamation project, as well as the Hengqin cargo warehouse, these measures will further strengthen the regional competitiveness of Macau International Airport,” added AACM.

Another issue addressed in the exchange with *Macau Business* is how the new law will affect the emergence of new Macau-based companies.

“The process for issuing an Air Operator Certificate (AOC) in Macau is based on the Special Administrative Region’s aviation laws and regulations, which align with the standards and recommended practices of the International Civil Aviation Organization (ICAO), as adopted by all civil aviation authorities globally. The grant of an AOC is a rigorous certification process. Candidates are required to demonstrate that their proposed operations comply with civil aviation regulations in every aspect,” AACM advised.

“This is to ensure that the high level of safety, which has been achieved by the air transportation system and widely recognised by the public, can be guaranteed. Although the approval process will be time-consuming, ensuring the safety of the civil aviation system is always the top priority of the Civil Aviation Authority,” the body added—a clear sign that new airline news should not be expected soon.

However, AACM has no doubt that the new licensing system, which re-establishes the existing public utility concession system through legislation under the new Civil Aviation Activity Law, “marks a significant step towards the liberalisation of Macau’s air transport market.”

At the end of December, the 2025 Conference on High-Quality Development of Low-Altitude Economy in the Greater Bay Area took place, with Macau represented by Tai Kin Ip, Secretary for Economy and Finance.

[Low-altitude economy, a strategic emerging cluster, focuses on economic activities within airspace typically below 1,000 metres. In addition to drones, it includes electric vertical take-off and landing vehicles (“flying taxis”) and small traditional aircraft and helicopters.]

“Low-altitude economy is a national strategic industry and a new engine for GBA integration,” Tai Kin Ip said, adding that Macau will strengthen cooperation with partner cities to contribute to the high-quality development of the sector. ■

Viva Macau and Macau Asia Express: The failed sub-concessions

The government’s passive attitude in intervening and promoting market activities has resulted in slow industry development and a failure to fully utilise Macau’s strategic location. There is a need to enhance regulatory flexibility, while maintaining necessary regulation, in order to improve competitiveness,” says Loi I Man.

As the author also notes in her research, “the gradual relaxation of concession terms, such as the allowance for sub-concessions, indicates a recognition by Macau’s authorities of the need for change.”

In 2006, the first sub-concession contracts and joint venture agreements approved by Air Macau and the Government were carried out. Macau Asia Express and Viva Macau were Macau-based airlines granted approval to operate civil aviation services.

However, by January 2011, Macau Asia Express had been dissolved following the completion of its liquidation, while Viva



Macau was declared bankrupt after suspending services in 2010.

“The failure of sub-concession experiments (e.g., Macau Asia Express and Viva Macau) highlights the system’s limitations in promoting sustainable competition and innovation. Although both have ceased operations, these cases indicate a recognition of the need for increased market access,” concludes Loi I Man.



The optimal strategy

Air Macau, low-cost carriers and full-service partners could unlock Macau's tourism potential. The gradual liberalisation of the city's airspace promises a more competitive, diversified, and thriving sector

Now that Macau is preparing for a phased liberalisation of commercial aviation, it is worth asking whether Air Macau's monopoly was positive for the region's tourism industry.

Mary Mendoza, Principal Consultant at The Platinum Ltd, provides an answer: "Air Macau's monopoly provided stability and integration benefits, particularly in reinforcing direct links with Mainland China under the 'one country, two systems' framework."

"For nearly three decades, the carrier ensured reliable connectivity to key mainland cities, sustaining visitation flows that underpinned Macau's gaming, hospitality, and cultural sectors, and providing a much-needed Chinese market feeder for the casino integrated resort operators," she adds.

Mendoza concludes: "Air Macau's role as the flag carrier remains vital. It symbolises continuity, national alignment, and brand identity for Macau's aviation sector."

However, she acknowledges that "from a tourism diversification perspective, the monopoly constrained international reach. Limited competition meant higher fares, fewer route options, and reduced marketing leverage compared to regional hubs like Hong Kong or Singapore. These almost 30 years narrowed Macau's appeal for long-haul and price-sensitive travellers, leaving the city overly dependent on mainland visitation."

"New entrants that expand foreign tourist flows"

"Looking forward, continuity of Air Macau as a flag carrier should be complemented by new entrants that expand foreign

tourist flows, ensuring Macau evolves into a ‘World Centre of Tourism and Leisure’ with diversified connectivity and competitive pricing to drive new tourist visitation from overseas markets,” hopes Mendoza.

Macau Business also sought the Tourism Office’s perspective on these new challenges. The Macao Government Tourism Office (MGTO) is optimistic: “The law replaces the exclusive-concession system with a licensing regime, which will not only attract new airlines to Macao for the launch of operations and new air routes, but also stimulate business tourism development by liberalising the air cargo market, leading to diversification of visitor markets.”

MGTO adds: “Through this law, competition will be appropriately introduced to improve the market environment while maintaining stability, providing residents and tourists with higher-quality aviation services.”

The bureau also promises to continue encouraging airlines “to launch discounted air tickets and optimise service experience, which will reduce travel costs and increase visitors’ interest in choosing Macau as a destination.”

MGTO highlights the synergy between tourism in Macau and the Guangdong-Hong Kong-Macao Greater Bay Area. Once the air network expands, it “will unveil greater possibilities for the concerted development of Macao’s ‘tourism+’ industries.”

“Benefiting from seamless connectivity brought by the Hong Kong–Zhuhai–Macau Bridge, Macau can integrate tourism resources with Hengqin to develop regional tour routes, broadening the coverage of visits and attracting transit and multi-destination visitors to Macau,” the bureau adds.



“The law replaces the exclusive-concession system with a licensing regime, which will not only attract new airlines to Macao for the launch of operations and new air routes, but also stimulate business tourism development by liberalising the air cargo market, leading to diversification of visitor markets”

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“Looking forward, continuity of Air Macau as a flag carrier should be complemented by new entrants that expand foreign tourist flows, ensuring Macau evolves into a ‘World Centre of Tourism and Leisure’ with diversified connectivity and competitive pricing to drive new tourist visitation from overseas markets”

– Mary Mendoza

MGTO says it “prioritises destination promotional activities aimed at expanding international visitor source markets, particularly those with direct flights to the city or nearby airports,” in line with the Government’s policy “to enhance the destination’s positioning as a world centre of tourism and leisure.”

In 2026, the bureau plans initiatives to solidify Southeast and Northeast Asian markets, reconnect with the Indian, European, and American markets, and explore opportunities in the Middle East and Central Asia, aiming to elevate Macau’s international profile and increase visitor flows.

Diversifying the tourist profile

How will Macau’s commercial aviation market evolve? Mendoza observes: “In the short to medium term, new entrants are likely to focus on regional routes, with low-cost carriers stimulating price-sensitive visitation from Southeast Asia and nearby markets.”

“This will broaden Macau’s reach beyond its traditional mainland base, diversifying the tourist profile and supporting incremental demand for integrated resorts, MICE, and leisure attractions,” she adds.

“At the same time, full-service carriers remain strategically important: they provide premium connectivity, long-haul reach, and align with Macau’s positioning as a global tourism and leisure centre,” Mendoza continues.

She concludes: “The optimal strategy is a balanced portfolio: Air Macau ensuring continuity and national alignment, LCCs driving volume, and full-service partners enhancing brand prestige and international diversification. This dual approach directly supports the Macau Government’s mandate to boost foreign visitation and strengthen Macau’s global tourism competitiveness.”



GBA: Opportunities and challenges

Flying from Zhuhai has never been easier. Yet as regional integration deepens, competition intensifies—and the latest Policy Address outlines how Macau plans to respond

For the first time, Macau residents are experiencing tangible benefits from integration into the Greater Bay Area (GBA). Yet, as seen with schemes such as Northbound Travel, what is advantageous for the majority is not necessarily beneficial for all.

The aviation sector illustrates this well. With six additional airports now operating in the GBA, Macau residents can choose to fly to Beijing or Shanghai from alternative air-

Overview of the five major airports in GBA

Airport (IATA code)	2019 Passenger volume	2022 Passenger volume	2024 Passenger volume	Percentage change (2019 vs 2024)
Hong Kong (HKG)	71.5 million	57 million	53.10 million	-25,73 per cent
Guangzhou (CAN)	73.4 million	40.3 million	76.37 million	+4,07 per cent
Shenzhen (SZX)	52.9 million	36.3 million	61.48 million	+16,15 per cent
Zhuhai (ZUH)	12.3 million	8 million	11.46 million*	-6,73 per cent
Macau (MFM)	9.61 million	0.6 million	7.64 million	-20,40 per cent

* The figure for Zhuhai Jinwan Airport (ZUH) of 11.46 million passengers corresponds to its latest official data released for the year 2023

ports if they are more convenient or cheaper. Conversely, Macau International Airport (MIA) is no longer just serving the city's 600,000 residents—it must now cater to the 86 million people across the GBA.

Regulatory gaps and competitive pressures

“In the context of regional cooperation, the GBA initiative presents both opportunities and challenges for Macau’s aviation regulatory framework,” summarises Loi I Man in her master’s thesis. She notes that the legal framework “lacks specific provisions for coordinating with neighbouring jurisdictions on airspace management and route development, potentially limiting Macau’s ability to fully leverage its position within the GBA.”

Mainland airports such as Guangzhou Baiyun International and Shenzhen Baoan have expanded capacity and services, attracting more airlines and passengers. “In such a competitive environment, Macau will face challenges in developing its own aviation sector,” the study warns.

“Macau needs to strengthen its position within the GBA initiative and take advantage of opportunities for regional cooperation,” says Loi. “However, MIA’s capacity limitations currently constrain growth in air traffic and connectivity. Strategies are being developed to create a compelling value proposition for Macau within the regional aviation landscape.”

Positioning Macau within the GBA network

In her dissertation, *Study of the Regulatory Framework of Aviation Reform in the Macau Special Administrative Region: Analyzing the Balance between Protection and Liberalization (2025)*, Loi further notes that “regarding regional competition, the new Civil Aviation Law does not fully address the challenges Macau faces within the GBA’s aviation system. Macau’s industry overlaps with neighbouring airports, yet the law lacks a differentiated development strategy or sufficient mechanisms for coordinating with nearby aviation hubs. Provisions governing Macau–Mainland routes remain incomplete.”

The latest Policy Address provides some answers. Sam Hou Fai outlined plans for a “Macao Pearl River West Bank International Air Transport Hub (Port),” aiming to upgrade MIA into an international aviation hub serving the western Pearl River Delta and the broader GBA.

The initiative includes the ongoing airport expansion and the construction of a pre-clearance cargo terminal in Hengqin, alongside deeper cooperation with Zhuhai to create efficient channels for high-value cargo and passengers. “This is an effort to secure Macau’s role within the GBA’s aviation network and strengthen the GBA’s world-class airport cluster,” explains Loi.

Within this framework, Loi sees the new Civil Aviation Law as providing a foundation for Macau’s positioning. Initially, the city can focus on cargo and charter services while gradually expanding into niche passenger routes. “By differentiating itself within the airport cluster, Macau could establish a unique and competitive position in the GBA,” she concludes. ■



A keen sense of opportunity

Study of the Regulatory Framework of Aviation Reform in the Macau Special Administrative Region: Analyzing the Balance between Protection and Liberalization,” is a dissertation presented by Loi da Silva e Melo I Man, in partial fulfillment of the requirements for the degree of Master of Lusophone and International Public Law in the Faculty of Business and Law, University of Saint Joseph, February 2025.

“The thesis was completed before the new law was formally enacted, and the analysis was based on the draft law. As always, I continued to follow developments in the new Civil Aviation Law and related policies,” explains Loi I Man.

While the enacted legislation, Law No. 4/2025 (passed in June 2025), “introduces minor technical adjustments, the overall policy remains consistent with the draft.”

The thesis analyzed the transition from a 25-year exclusive concession to a ‘controlled liberalization’ licensing regime, once Macau, with a small economy and population, is gradually opening the market while ensuring stability.

Through the literature review, Loi realized for example that “for a market of Macau’s size, where passenger demand is heavily tourism-driven, research suggests that rapid and comprehensive liberalization may generate imbalances. The literature, including the work of Paul Dempsey, suggests that small markets must strike a balance between liberalization and protection to mitigate the potential negative consequences of indiscriminate deregulation.”



Hong Kong as inspiration

Those who believe Hong Kong has embraced full aviation liberalisation are mistaken. Despite being one of the world's most sought-after airports, protectionist elements remain firmly in place—and they may continue to offer inspiration for Macau

Comparing the airports of Macau and Hong Kong is, at first glance, a stretch. How can an airport that handled almost 72 million passengers in 2019 be placed alongside one that did not even reach 10 million? How can a region with four airlines, including a global carrier, be compared with the MSAR, which is left with only Air Macau?

These are, in reality, two very different worlds—the first airport in Hong Kong opened some 60 years before Taipa's. Yet Loi I Man, author of the dissertation *Study of the Regulatory Framework of Aviation Reform in the Macau Special Administrative Region: Analyzing the Balance between Protection and Liberalization (2025)*, argues that Hong Kong “offers the most relevant case study for Macau's aviation industry development,” as its aviation sector “offers valuable insights due to its similarities in political status, and the balance between protecting local aviation enterprises and promoting market competition.”

“The evolution of Hong Kong's aviation sector, particularly its legal and regulatory framework, provides valuable lessons for Macau's reform considerations,” writes the lawyer, who practises at a Macau-based law firm.

One of the key points highlighted in Loi I Man's thesis is that, contrary to popular belief, Hong Kong is not an example of full liberalisation. Instead, clear points of convergence can be found between Hong Kong's approach and the path that Macau's new aviation law is now set to follow.

“Careful control over market access”

“While Hong Kong has moved towards an open skies policy, it has balanced this with protecting local industry interests. This balanced approach could serve as a model for Macau, demonstrating how to liberalize while safeguarding local economic interests,” the author notes.

“Hong Kong has pursued a progressive yet measured approach to aviation liberalization, maintaining careful control over market access while gradually expanding international

“I believe Macau’s airport will never be a competitor to Hong Kong airport. Macau will continue to focus on origin and destination passengers, while Hong Kong can attract transfer passengers due to its well-developed network and infrastructure”

– Jae Woon Lee

connectivity,” she explains. “This expansion has been carefully managed to protect local carrier interests while promoting market development.”

This, she argues, is largely explained by Hong Kong’s preference for “only bilateral arrangements,” which has enabled it “to maintain strong local carriers while benefiting from increased international connectivity.”

In the thesis submitted for her Master’s Degree in Lusophone and International Public Law at the Faculty of Business and Law of the University of Saint Joseph, Loi I Man stresses that “this finding is particularly relevant to Macau, given the similarities in their political status and the need to balance local autonomy with national considerations. Hong Kong’s preference for bilateral arrangements over full liberalization offers a template for Macau to gradually open its market while maintaining control over its aviation development.”

Macau’s Basic Law “provides less detailed provisions”

Loi I Man also addresses an issue that is rarely discussed: the fact that Hong Kong’s Basic Law contains several explicit provisions relating to civil aviation. These range from recognising the region’s “high degree of autonomy in international air transport” to, among other examples, Articles 128 to 135, which “provide detailed provisions for aviation autonomy while protecting local industry interests.”

By contrast, Article 117 of Macau’s Basic Law merely stipulates that “The Government of the Macau Special Administrative Region may, on its own, formulate specific regulatory systems for civil aviation upon specific authorization by the Central People’s Government.”

In other words, Macau’s Basic Law “provides less detailed provisions,” and “the lack of a clear scope of legal authorization leads to uncertainty in actual operation and may affect the development of Macau’s aviation industry in many respects.”

The author concludes that “apparently, compared to Hong Kong, Macau is already in an unfavorable position concerning the international route resources, and its unclear role in the GBA in the Aviation Collaboration may affect Macau’s position in the regional aviation competition.”

“These impacts may lead to certain limitations on the development of Macau’s aviation sector, and it is necessary to supplement and improve the relevant institutional framework through other laws, regulations and policy documents. At the same time, it is also necessary to strengthen the communication and coordination with the Central Government in order to obtain more specific authorizations to promote the healthy development of Macau’s aviation industry,” the dissertation concludes. ■

The Jetstar case

Loi I Man examines in her thesis the failed attempt to establish Jetstar Hong Kong as a locally based airline in the neighbouring region.

The project was announced in 2012, with the aim of creating a new low-cost carrier based at Hong Kong International Airport. It was designed to compete with Cathay Pacific and tap into Asia’s rapidly expanding aviation market through a joint venture between Qantas (Australia, owner of the Jetstar brand) and China Eastern Airlines (mainland China).

In 2013, Shun Tak Holdings—a Hong Kong and Macau conglomerate controlled by Pansy Ho—invested US\$66 million, acquiring a 33.3 per cent stake. This local participation was seen as crucial in meeting Hong Kong’s “location” and ownership requirements.

However, the proposal quickly met strong opposition from established Hong Kong airlines, notably Cathay Pacific and its then subsidiary Dragonair.

At the heart of the legal dispute was the statutory requirement that a candidate airline maintain its “principal place of business” in Hong Kong. Opponents argued that, despite Shun Tak’s shareholding and the presence of local management, Qantas and China Eastern exercised the airline’s real operational and strategic control. As a result, they claimed, the airline’s principal place of business lay in Australia and mainland China rather than in Hong Kong.

In June 2015, the Hong Kong Air Transport Licensing Authority rejected Jetstar Hong Kong’s licence application, concluding that the airline failed to meet the principal place of business requirement, as it “cannot make its decisions independently of those of the two foreign shareholders.”

Often cited as a clear example of protectionism in Hong Kong’s aviation sector, the Jetstar Hong Kong episode nonetheless “offers several insights for Macau’s consideration of market protection versus liberalization,” the former Master’s student argues.

“The Jetstar Hong Kong case highlights the importance of clear standards for determining true local control. Reforms in Macau should incorporate specific provisions for assessing airline ownership and control, focusing on current decision-making rather than merely formal requirements. This is particularly important given Macau’s position in the GBA and its expectations for market development,” concludes the local barrister.

This case also carries direct relevance for Macau’s own legal framework. Article 16 of the new aviation law stipulates that any new airline must be a “commercial company incorporated in the Macau SAR and have its principal business centre there.”

As a result, it remains possible that future airline applications in Macau could be rejected on similar grounds, given the close resemblance between the legal requirements applied in both jurisdictions.

“Building a more convenient air network will further attract overseas travellers to Macau”

Tammy Ku, one of the most authoritative voices in Macau’s commercial aviation sector, believes the revision of the Civil Aviation Law “will foster the healthy and sustainable growth of Macau’s aviation market”

A lecturer at the Faculty of Creative Tourism and Intelligence Technologies at the Macao University of Tourism, Ku brings a distinctive profile to the SAR’s aviation landscape. In addition to her strong academic focus on the aviation sector, she is a professionally certified IATA instructor and holds an MBA in Aviation Management.

Although you are not a lawyer, you have certainly come into contact with the new law. In general terms, do you believe it will be sufficient to revitalise the aviation market in Macau with the entry of new companies?

Tammy Ku – Given the rapid development of the Macau Special Administrative Region, the timely revision of the Civil Aviation Law (Law No. 4/2025) will foster the healthy and sustainable growth of Macau’s aviation market. Simultaneously with the implementation of the new law, this creates further opportunities for stakeholders and interested parties to expand their presence in the aviation sector.

Air Macau will lose the monopoly it has held for 28 years. Do you think the tourism industry has gained or lost more with this monopoly?

T. K. – Since the founding of Air Macau Company Limited, its exclusive operating rights have enabled Air Macau to develop its routes. By establishing the first airline in the Macau SAR and granting it exclusive operating rights, Air Macau was able to swiftly and effectively promote operations as a local carrier and develop routes. Under the supervision of the Macau SAR Government, the aviation market has maintained healthy development. Through multifaceted efforts, Macau’s aviation industry has brought positive benefits to the local economy and played a vital role in Macau’s integration into the national economic development process. However, this does not imply that only one airline operates at Macau International Airport, as carriers from other countries can operate to Macau via bilateral agreements, utilising third- and fourth-freedom rights and other signed traffic rights to Macau, thus forming a diversified aviation market structure.



“The expansion and development of Macau International Airport is not a standalone project but an integral part of the Macau’s overall development strategy”

“The key question is how airlines and Macau’s resort hotels collaborate to strengthen Macau as an attractive tourism destination? The key to achieving this hinge on strategic cooperation between airlines and major integrated resort hotels”

One of the Government’s objectives in the last public tender regarding gaming licences was to increase the number of foreign tourists. For this number to be significant, air connections are fundamental. Do you think this increase (of connections and foreign tourists) is possible?

T. K. – From the perspective of gaming concession rights, the policy objective of the Macau SAR Government has always been to attract more international visitors. Foreign airlines using third-freedom rights under bilateral agreements to provide direct point-to-point flights to Macau, or the reciprocal fourth-freedom rights of home carriers to Macau, is the most direct and effective way to attract tourists from overseas.

Compared with sea and land transport, air travellers tend to have a specific purpose for visiting Macau, stay for a relatively longer period, and consequently spend more. Expanding supply and demand to encourage more international visitors to select Macau International Airport as their gateway is the most direct way to drive Macau’s economic growth, compared with intermodal transport.

The key question is how airlines and Macau’s resort hotels collaborate to strengthen Macau as an attractive tourism destination. The key to achieving this hinges on strategic cooperation between airlines and major integrated resort hotels. Macau boasts a diverse range of tourism products and services; if strategic partnerships are strengthened, or even an ‘Aviation–Tourism Alliance’ is established to unify sales and promotion, the city’s appeal as a tourism destination will be enhanced and substantial economic benefits generated.

Through the concept of ‘Tourism+’, different dimensions of tourism products can be jointly promoted with airlines, directly stimulating travellers’ desire to visit Macau. Airlines are not merely transport providers; they provide platforms for selling tourism products, working synergistically with Macau’s diverse tourism resources. Airlines can further leverage their commercial strategies—such as code-sharing and interline agreements, and intermodal arrangements—to extend their reach.

“The expansion plan for Macau International Airport must be accelerated to better align with the national 15th Five-Year Plan”

The Government has an ambitious airport expansion plan underway. Do you think the local airport, as we know it, is also a constraint on the development of the aviation business and tourism in general? Or, however good and large it may be, will Macau always be in the shadow of Hong Kong (and eventually Guangzhou)?

T. K. – Taking Macau’s gaming concessions as an example, a review of the past twenty years and the present shows that

“Airlines can offer exclusive package deals combining flight tickets with concert admission”

Once it is understood that “airlines are not merely transport providers; they provide platforms for selling tourism products, working synergistically with Macau’s diverse tourism resources,” Dr Tammy Ku offers a concrete suggestion.

“For example, a proposed initiative could be ‘Exclusive Pre-Sale Concert Packages.’ By hosting internationally renowned concerts with strong global appeal in Macau, airlines can offer exclusive package deals combining flight tickets with concert admission. Travellers flying to Macau International Airport with designated airlines would enjoy priority access to purchase both tickets and bundled services. These packages could include additional promotional offers, premium boarding, exclusive airport-to-hotel transfer services, or concert-related activities, thereby enhancing the visitor experience and creating a comprehensive ‘one-stop’ tourism consumption solution.”

the city’s tourism and resort hotel management services have brought transformative changes. They have created high-end services and diverse products that attract visitors from different regions to experience Macau. Macau International Airport can also carve out a new chapter of its own. The airport’s geographic location is advantageous, being close to major resort hotels and ferry terminals, which makes it essential to upgrade both its infrastructure and service quality. Building a more convenient air network will further attract overseas travellers to Macau. The expansion plan for Macau International Airport must be accelerated to better align with the national 15th Five-Year Plan, strengthen Macau’s positioning within the Greater Bay Area’s airport system, and contribute to the establishment of our country’s ‘Air Silk Road’.

I have never regarded Macau as a ‘shadow airport’; rather, its development trajectory was misaligned in timing. While Hong Kong focused on constructing Hong Kong International Airport (Chek Lap Kok), Macau concentrated on building itself into a leisure tourism city and a World Heritage district. Today, Macau possesses ample capacity to host world-class tourism events, and now is the optimal time to place the development of Macau International Airport at the core, attracting more international visitors and driving its medium- to long-term growth.

I firmly believe that, with the support of Chinese mainland and Macau SAR government policies, Macau can mobilise its entire cultural and tourism industry to engage in joint planning and collective innovation. The expansion and development of Macau International Airport is not a standalone project but an integral part of Macau’s overall development strategy. ■