# EU/SAR Macao relations: consolidation beyond 2000

2000/2099(COS) - 31/07/2002

This document consists of the second annual report from the Commission on the Macao Special Administrative Region. The European Union attaches great importance to the effective and full implementation of the Basic Law and the "one country, two systems" principle in the Macao Special Administrative Region of the People's Republic of China, and has therefore closely followed the evolution of the Macao SAR with friendly interest. As in the Commission's first annual report, this report aims to assess the development of the Macao SAR and to comment on EU-Macao relations. The Macao SAR has pursued its good start in consolidating the institutions established since its creation. The free Legislative Assembly elections held in September 2001 showed the commitment of Macao citizens to the exercise of their basic political rights. The increased number of legislators elected through direct universal suffrage marked progress towards more democracy. The participation of the Portuguese community in the direct legislative elections reflected their confidence in the Macao SAR. Two years after the hand-over of Macao to China, it is reassuring to note that both the Central Government in Beijing and the Macao SAR Government continue to attach great importance to the "one country, two systems" principle. The Macao Government continues to administer the Special Administrative Region both on the internal and international levels in an autonomous way as prescribed by the Basic Law. As regards the economy, the report highlights that following a moderate recovery in 2000, Macao's economy recorded a slower pace in 2001 in tandem with the global downturn. Real GDP growth slowed to 2.1% for 2001 from 4.6% in the previous year. The slowdown was mainly caused by a contraction of external demand for merchandise exports in major overseas markets. Yet, thanks to a buoyant tourism sector, the economy still managed to achieve a mild growth in 2001. As stated, the tourism industry performed favourably in 2001 with the total number of visitors hitting a record level of over 10 million, an increase of more than 12% from 2000. The report concludes that two years after the hand-over, the Macao SAR is shaping up reasonably well for the future, despite the economic downturn. The Commission will endeavour to work and co-operate with the Macao authorities to help the SAR's stable development, in line with the 'one country, two systems' principle.