EU/SAR Macao relations: consolidation beyond 2000

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As in the Commission's two previous annual reports, this report aims to assess the development of the Macao SAR and its relations with the European Union. Three years after the handover, the Macao SAR Government benefits from a relatively thriving economic situation. The authorities' strategy of diversification of the economy stems from a clear vision of the territory's economic assets and weaknesses. The liberalisation of the gambling industry already bore its first fruit and will bring in more or less 2 billion Euro investments in the coming years. This success has contributed to the creation of an optimistic social atmosphere for the mid term perspective and to the Chief executive's current popularity. The implementation of the "one country, two systems" principle remained satisfactory, though in the long run the SAR authorities should be strengthened by upgrading the civil service. Yet, many important tasks are still to come: diversification of export structure, reform of the legal system, upgrading of the administration and the hospital system, improvement of the social welfare, adaptation of the labor force etc. It is very encouraging that the Macao SAR Government remains aware of these challenges and committed to undertake relevant reforms. The adoption of an anti-subversion legislation might bear some incidence on the specific status of the SAR and will be closely followed by the EU.