

Analysis Report: 12 Years After Macao's Handover

- Political operations are smooth; government reforms attract attention
- Economic growth remains strong; inflationary pressure rises
- The judiciary remains independent; judicial effectiveness can be improved
- Relations between mainland China and Macao grow closer
- International community affirms, in principle, developments in Macao
- Taiwan-Macao relations enter a new stage: Taiwan renames its representative office in Macao and Macao opens a representative office in Taiwan

I. Overall Evaluation

Political operations in Macao were generally smooth and stable over the past year. In November, the Macao Special Administrative Region government announced in its Policy Address for the Fiscal Year 2012 that consultations would be held on whether to modify and – if so – how to modify the methods for selecting the chief executive and the formation of the Legislative Assembly. The announcement was viewed positively and gained broad support in Macao. Future implementation of the policy will be worth watching. In the economic sphere, despite that Macao continued to enjoy a double-digit economic growth, over-reliance on a single-product economy, inflation, supply and demand imbalances in human resource, and turbulence in the global economy could still affect Macao's future economic development. In the area of public security, criminal activity rose slightly in Macao due to increases in new types of crime. The international community maintained a positive attitude towards the overall situation in Macao; it was more affirmative of the economy and religious freedom, but remained concerned about the overall effectiveness of judicial proceedings and implementation of Macao's National Security Law.

Cooperation between mainland China and Macao grew closer this year. Guangdong and Macao signed the Framework Agreement on Cooperation Between Guangdong and Macao in March, highlighting the deepening cooperation between the two sides.

Official relations between Taiwan and Macao entered a new stage this year. In July, Taiwan renamed the Taipei Economic and Cultural Center, its representative office in Macao, as the Taipei Economic and Cultural Office to underscore its official nature. The Macao

government also established the Macao Economic and Cultural Office in Taiwan to assist Macao residents with issues pertaining to working, studying, traveling, doing business, and living in Taiwan, as well as other services in general. The office was officially opened to the public on December 2.