

A condensed press review prepared by the Consulate General of Switzerland in Hong Kong

Introduction

In February, HK celebrated the Chinese New Year in welcoming the Rooster who landed crowing that a new leader will have to be chosen in two years. As an editorialist put it, it seems that "even though the Chief Executive's election is still two years away, the starting gun has been fired". As to the economy the mood was reflected by the Chief Executive during a spring reception he hosted at Government House when he said that this year's joy and vibrancy felt during the HK's Spring Festival demonstrates that HK is on track to full recovery and that HK's economy is the best it has been in recent years.

Domestic politics

Chief Executive's succession: Several influential pro-Beijing politicians said the central government sent envoys to Hong Kong at the end of last year to seek their views on the qualifications of possible candidates to be Tung Chee-hwa's successor. According to an editorialist, Chief Secretary Donald Tsang (head of the taskforce on constitutional reform), "once seen as a non-starter in the chief race because of his deep connections with the colonial administration, is back in the game. This is perhaps precisely the game Beijing wants. As Mr Tung's stewardship enters its twilight years, Mr Tsang could play a crucial role in the tough battles ahead over electoral arrangements in 2007 and 2008 and countering the power and influence of the opposition in Legco". Two property tycoons, Stanley Ho and Sir Gordon Wu, openly backed Donald Tsang to become the next chief executive. The call stirred concern in political circles, with critics saying it was a clear sign that the race for the top post could be dominated by an exchange of political favours for support between candidates and influential businessmen. Mr Tsang described the Tycoon's remarks as jokes after his spokesman said the chief secretary would not consider his career prospects at this stage. The chief secretary has long topped the popularity league among Mr Tung's 14 ministers. Speculation has been rife that Mr Tsang is taking a lead over potential rivals such as Financial Secretary Henry Tang and Secretary for Education and Manpower Arthur Li. The Foreign Ministry's commissioner in HK said Beijing would accept any candidate who enjoyed the support of the majority of HK people. Possible successors to Tung Chee-hwa will be able to start planning their campaigns by the middle of 2006 when legislation governing the election is drafted – including the composition of the new Election Committee - the constitutional affairs chief said. He mentioned that the government was determined to reach a consensus over constitutional reform this year-despite persistent demands for universal suffrage from the pro-democracy camp - and urged parties to remain flexible.

Chief Executive in line for senior role on CPPCC: Mr Tung Chee-hwa may become a vice-chairman of China's top advisory body, the Chinese People's Political Consultative Conference (CPPCC) - a senior position equivalent to a state leader. The move, more than two years before the end of Mr Tung's final term, has fuelled speculation that he will be taking a back seat in his remaining years as chief executive. Pro-Beijing allies see the possible appointment as a boost to Mr Tung's governance.

Biggest party and pro-Beijing group complete merger: The Democratic Alliance for Betterment of Hong Kong merged with the pro-Beijing Hong Kong Progressive Alliance to create a new political force called the Democratic Alliance for the Betterment and Progress of Hong Kong. The new DAB will bring consolidation and a streamlining of forces in the pro-Beijing camp and could play an important role as kingmaker in the nomination process of the new chief executive. The merger could be a first step towards the establishment of a two-party system in Hong Kong.

July march threatened: Pro democrats which organized the mass rallies last year and in 2003 conceded they might not hold one this July 1st if the government's constitutional reform taskforce had not issued its final proposals by then. According to an observer, Chief Secretary D. Tsang would not be so stupid as to issue his report on constitutional reform ahead of the day and push people onto the streets. More than 500,000 protesters turned out on July 1, 2003, to oppose a proposed anti-subversion legislation and to demand universal suffrage. Organisers estimated that a similar number marched last year. Some democrats thought that the event would become an annual ritual symbolising people power on the day HK celebrates its reunification with the mainland. But with Beijing having ruled out the introduction of universal suffrage in 2007 and with the improving economy, a pro-democracy January march drew fewer than 2,000 people. According to an observer, the city might be ready for full universal suffrage by 2007, but most people won't fight a battle they cannot win with Beijing. He added that on economic, social and political fronts, the Year of the Rooster is likely to feature a return to a degree of normality.

Call for bigger families: In an unprecedented move to tackle the declining birth rate in HK and the burden of providing financial security for an aging population, Chief Secretary for Administration, Donald Tsang, urged each family to have at least three children. He also said the government would consider expanding its immigration schemes to attract more young and single men to offset the increasing number of single women in the territory.

International affairs

WTO I: The Secretary for Commerce, Industry and Technology, Mr John Tsang, will depart for Mombasa, Kenya, on Feb. 28 to attend an informal meeting of Ministers in charge of WTO matters. The meeting, to be held from March 2 to 4, is a follow-up to the informal ministerial meeting held in Davos in January.

WTO II: Around 5000 anti-globalization protesters are expected from overseas for the WTO's 6th conference in HK in December. According to the Hong Kong People's Alliance on the World Trade Organization, a demonstration should be held when the conference opens on Dec. 13; their basic principle is to stay sensible and peaceful when expressing their opinions. According to a Government official, a protest area will be set up inside the convention centre. "This is the first time such an arrangement has been made for WTO ministerial conferences" he said.

UN I: The second HK's report under the International Covenant on Civil and Political Rights (ICCPR) was submitted to the UN on January 14. It describes the developments of civil and political rights in HK since the hearing on the initial report in November 1998 and responds to the concerns of the Human Rights Committee after the hearing of the initial report.

UN II: Chairwoman of UN Committee on Economic, Social and Cultural Rights, Professor Virginia Bonoan-Dandan, arrived in HK on Feb 27 for a five-day visit. The visit is a lead-up to the committee's hearing of HK's report under the International Covenant on Economic, Social and Cultural Rights from April 27 to 29.

Transborder Affairs

The number of reported cross-border corruption cases decreased by 21% last year against a backdrop of closer cooperation between HK and mainland law enforcers. The Independent Commission Against Corruption co-operated with mainland anti-corruption agencies on 60 cases last year, compared with 76 in 2003. They occurred mainly in the areas of manufacturing, finance, insurance and trade.

Legal Affairs and human rights

Racism law: The Law Society has called for the definition of racial discrimination to be expanded to cover new arrivals from the mainland as the government prepares to draft its anti-racism law. For the Home Affairs Bureau discrimination against mainlanders is social discrimination rather than racism. "The administration should, however, be aware of the provisions in Art. 26 of the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights, which prohibit discrimination on the grounds of 'national or social origin' or 'birth or other status', "the Law Society's submission says". Nearly 70 per cent of HK people said they knew nothing about the proposed legislation on racial discrimination, although nearly 60 per cent agreed such a law was needed.

Economy

International Monetary Fund (IMF): According to the Staff Report of the Article IV Consultation for HK released on Feb. 22, the IMF projects the consolidated fiscal deficit (before bond issuance) for the financial year 2004-05 will shrink to 1.7% of GDP and envisions a balanced budget in financial year 2006-07, two years ahead of the Government's target (2008-09). However authorities were urged to continue with expenditure restraint, while at the same time broadening the tax base through the adoption of a goods and services tax. The IMF revised up its growth forecast for HK for 2004 to 8.25% - higher than the government's 7.5% - and projects growth of 4% for 2005.

A budget surplus of at least HK\$10 billion for this financial year is expected to be reported by the government, contradicting to the financial secretary's original prediction of a \$42.6 billion deficit.

Estate duty: HK could face a worsening "brain drain" if the government continues to levy estate duty or launches a crackdown on offshore profits, as wealth, assets and talented staff depart for more business-friendly shores, industry leaders warn. Currently, estate duty is set at 5 per cent for assets of between \$7.5 million and \$9 million, 10 per cent if the amount is between \$9 million and \$10.5 million and 15 per cent thereafter. Assets of less than \$7.5 million are exempt.

New companies registered in 2004 up 30.99%: The number of new local companies incorporated during 2004 was 65,558, an increase of 30.99% from 50,049 in 2003. The number of new overseas companies which had established a place of business in HK and registered under Part XI of the Companies Ordinance in 2004 was 735, an increase of 1.52% from 724 in 2003. The total number of companies registered under the Companies Ordinance was 518,980, up 21,574 from the end of 2003. The total number

of overseas companies registered under Part XI of the Companies Ordinance stood at 7,279 at the end of the year, 296 more than 2003.

Cepa: Most of the 250 enterprises interviewed in a government survey believe the Closer Economic Partnership Arrangement, signed with the central government, had benefited the HK economy. 53% of the respondents in the random survey said it had helped them to expand on the mainland.

The individual travelers scheme for mainlanders – credited with giving HK's tourism and economy a boost since its introduction in 2003 – will be extended to two more cities - Tianjin and Chongqing - in March. This will increase the number of eligible cities to 34 from just 4 when the scheme was launched in 2003. Cities covered by the scheme include all of Guangdong as well as Beijing and Shanghai. Their residents can visit HK and Macao as individual travelers. Residents of cities outside the scheme must join group tours.

Unemployment: The jobless rate fell to a three-year low of 6.4% last month from 6.5% in December and Financial Secretary said an improving business environment may lead to more pay rises. Total employment rose by 14,500 to a new high of 3.343 million in January. The jobless number fell by 12,900 to a three-year low of 214,000.

Retail sales rose 9.1% in volume and 10.8% in value last year, compared with 2003. A government spokesperson said the strong consumer demand showed the economic recovery was becoming more consolidated and the labour market was improving. He added that big spenders coming to HK from the mainland after the introduction of the individual traveller scheme had also boosted the retail industry.

Fears of deflation have resurfaced after overall consumer prices fell a 0.5% in January from a year earlier, after an increase of 0.2% in December 2004. It follows six months of modest inflation, as rents and durable goods prices continued to suffer declines compared to a year ago. The government blamed the mismatch of the Lunar New Year holidays, which fell in February this year but in January in 2004, for distorting the year-on-year comparison. A spokesman said the price decline was expected to be temporary and surging import prices should help lift the consumer price index to mild inflation in the coming months. Deflation is defined as two consecutive months of falling prices.

Health

Cocaine: Although the number of registered HK addicts has fallen to a 10-year low, drug use has followed a global trend in which cocaine is increasingly the drug of choice. The drug is proving increasingly popular among wealthier sections of society. Falling prices might have fuelled the popularity of cocaine. Less than two months ago, police said the drug's street value had almost halved in a year.

HIV: A total of 268 HIV cases were reported to the Department of Health last year, the highest annual number ever recorded. There are now 1,794 HIV-positive people in Hong Kong, with a further 718 having contracted Aids.

Bird-flu: HK's health chief cautioned the public against panic after a senior World Health Organisation official warned of a new bird-flu pandemic. The city remains vigilant given a certain level of risk.

Environment

Pollution: The number of hours of poor visibility at the airport hit a record high last month as worsening pollution clouded HK's air. Visibility was below 8km for 484 hours in January, or 65 per cent of the time. There was constant haze from January 4 to 12 and on the worst day, January 19, visibility dropped below 3,000 meters.

The Kyoto Protocol's enactment should have a minimal impact for HK, wrote an editorialist, since, for the purpose of the treaty, the city is considered part of mainland China, which is not required to make any cuts. He mentioned that highly developed HK should consider to voluntarily cut its emissions, "a move which could help spur a nascent environment industry and give HK some valuable experience ahead of the launch of the Pearl River Delta emissions trading scheme now under discussion". Another observer underlined HK vulnerability (to climate impacts), unique position (as a polluter with high GDP) and passivity. He suggested that "instead of hiding behind mainland China's developing country status, it could play a powerful role. A commitment to binding targets and heavy investment in renewable energy could play a vital part in moving the whole China forward with its sustainable development ambitions".

Varia

Year of the Rooster: On the second day of the Lunar Year (Feb 10), Heung Yee Kuk Chairman Lau Wong fat drew the fortune stick for HK at the Che Kung Temple. He picked a number 13. The number might be considered ominous in some cultures but the temple's fortune stick reader said it was a quite good fortune stick. The reading indicates that HK's economy will grow steadily, especially after spring. The worst possible number (83) was picked in 2003. The omen was accurate as HK was plagued by Sars, protests and economic woes.

End-2004 Population (provisional figure): Population was 6 895 500 at end-2004, representing an increase of 50 100 or 0.7% over end-2003.

Travel documents: A District Court judge warned newspapers against publishing advertisements for criminal syndicates that encourage citizens to sell their travel documents.

Compulsory insurance: The Travel Industry Council is considering making it compulsory for travellers to buy insurance before they can join a package tour. This could help prevent long and costly legal disputes between travel agents and families over compensation for accidents.

Conclave: It is considered taboo to talk about a future conclave while a pope is still alive, but that has never stopped people said an editorialist mentioning further that "If a conclave were held in the next few months, there would be no Chinese presence in the Sistine Chapel. There is only one known Chinese cardinal, Paul Shan kuo-shi of Taiwan, but at 81 he is too old to vote. HK no longer has a cardinal after the death of John Baptist Wu in September 2002, and there is no sign of Bishop Joseph Zen Ze-kiun receiving a red hat..."

Press articles related to Switzerland

Lots of articles have been published on Switzerland during the "Switzerland Greets Hong Kong" campaign. A summary will be published in our March issue.

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