

Economy + Finance

Chief Executive 'never as scared as now': Chief Executive Donald Tsang underlined the gravity of the crisis gripping the world economy, admitting he has "never been as scared as now". Tsang and other policymakers from around the globe present in the World Economic Forum in Davos, Switzerland, to press Europe's leaders to halt its financial meltdown. "You need decisive action, you need overkill. You need to inspire confidence," Tsang told Europe. "That confidence must come from the decisive action of governments working together and doing it quickly," he added, saying that delays had already cost billions in debt that was mounting unnecessarily. Tsang has four decades in public service that spanned other serious economic downturns such as the 1997-98 East Asian financial crisis.

Western worries to batter HK growth: The worst is yet to come for the global economy, the financial services minister warned, and HK will not be immune from the effects, with growth likely to slow. Professor Chan Ka-keung, Secretary for Financial Services and the Treasury, said he expected the city's economy to continue to grow this year, although the rate may be slower than in 2011. He also warned Hongkongers expecting to see property prices rise again, as countries like the United States ease monetary policy, they were likely to be disappointed.

Wage floor dents HK's title as freest economy: The statutory minimum wage has slightly dented the city's crown - one that has been held for 18 years - as the world's most free economy, says a conservative US-based think tank. In the 2012 Index of Economic Freedom jointly published by the Heritage Foundation and *The Wall Street Journal*, HK scored 89.9 out of 100, with improvements in freedom from corruption and government spending. This was well above the world average of 59.5 and 0.2 points higher than last year's score. Mainland China came in at 138th, its score down 0.8 compared with last year. Macau was 18th and Taiwan at 19.

London in HK link-up to trade in yuan: HK will help London develop as the next offshore yuan trading centre, shrugging off traditional competition between the two cities as part of a broader plan to boost international usage of the currency. The tie-up with the City of London, including extensions of currency trading hours, is the first such agreement with another financial centre and signals HK's intention to deepen its involvement in building the yuan into a truly global currency. Britain's finance minister, Chancellor of the Exchequer George Osborne, told a HK government seminar that the plan was to "establish London as a new hub for the renminbi market as a complement to HK". The chief executive of the HK Monetary Authority, Norman Chan, said that by establishing appropriate links with HK's offshore yuan platform, banks in different parts of the world would be able to provide a comprehensive range of yuan banking and financial services to meet the rapidly increasing demand of customers.

Property transactions hit 5-year low: HK's real estate market is tipped to extend recent falls this year as property transactions dived to a five-year low after a slew of measures to curb prices. The government has been trying to control prices, which have become a major headache amid growing disquiet among its seven million population over the rocketing cost of owning a home. A total of 108,814 properties changed hands in 2011, down 33 per cent from 162,739 a year earlier. The volume was the lowest since 2006, when 99,087 deals were recorded.

HK residents first in flats plan to stop speculators: The Housing Society plans to give priority to HK residents in its latest project, becoming the first developer to set such a condition for a private development. With an increasing number of property investors from the mainland, there have been calls for the government to designate land for building flats to be sold only to locals.

HK jobless rate eases to 3.3pc: HK's jobless rate fell slightly to 3.3 per cent in the quarter ending in December, down from 3.4 per cent in the three months that ended in November, the government announced. Job growth was seen mainly in manufacturing, warehousing and transport, food and beverages sectors, according to government figures. Secretary for Labour and Welfare Matthew Cheung said: "The unemployment rate is expected to remain at low levels in the near term. However, our external environment remains highly uncertain, and its impact on the local economy and labour market has yet to be seen."

Exports grew 7.4pc annually in December: HK's exports grew 7.4 per cent in December year-on-year to HK\$271.8 billion, according to government figures. Imports rose 8.1 per cent over a year earlier to HK\$320.7 billion in December. This followed a year-on-year increase of 8.8 per cent in November. For 2011 as a whole, the value of total exports rose by 10.1 per cent over 2010. Imports increased by 11.9 per cent. A visible trade deficit of HK\$427.3 billion, equivalent to 11.4 per cent of the value of imports, was recorded last year.

Domestic politics

'Beijing is not playing favourites in HK top race': A top mainland leader says Henry Tang and Leung Chun-ying are both "acceptable" to Beijing as chief executive candidates, adding he hopes to see a fair fight in the race. Li Jianguo, vice-chairman of the National People's Congress (NPC) Standing Committee, praised both men for having done "plenty of work" for HK. Li was speaking at a meeting of nearly 100 city deputies to the NPC and the Chinese People's Political Consultative Conference (CPPCC) in Zhuhai. His remarks, widely interpreted as a dismissal of claims that Beijing had a favoured candidate, marked the first time that an official confirmed the central government's neutral stance on the chief executive contest.

Six-month ban for all lawmakers who resign: By-elections will be retained, but lawmakers who resign mid-term will be barred from standing in by-elections for six months, under the latest proposal the government has unveiled to plug what it calls a "loophole". The government hopes for Legislative Council approval this year. Secretary for Constitutional and Mainland Affairs Raymond Tam said the plan had "mild, proportionate and reasonable restrictions" to prevent lawmakers abusing the system, and he was confident it would weather any legal challenges. He said the bar would apply to all geographical and functional constituency lawmakers. However, the proposal is expected to face strong opposition from pan-democrats.

Two pro-Beijing parties keep them guessing: Grass-roots' livelihood and labour issues top the agenda for members of two pro-Beijing political parties in deciding which chief executive candidate they will nominate. The parties hold more than one-sixth of the seats on the 1,200-strong Election Committee. The Democratic Alliance for the Betterment and Progress of HK (DAB) and the Federation of Trade Unions (FTU) - which have 147 seats and 60 seats respectively - are expected to decide in the next month whether to nominate former chief secretary Henry Tang or former Executive Council convenor Leung Chun-ying as their chosen candidate. Tang is expected to have secured enough nominations, but Leung is far from certain of reaching the required threshold. A candidate needs at least 150 nominations from the Election Committee to confirm his candidacy. The nomination period for the March 25 chief executive election runs from February 14 to 29.

Albert Ho romps home in poll to pick CE candidate: Democratic Party chairman Albert Ho clinched victory by a large margin in a poll to become the pan-democrats' candidate for chief executive. Ho vowed to debate his pro-establishment rivals Leung Chun-ying and Henry Tang on core values, the pace of democracy and social issues brought about by the domination of the property and financial sectors in the economy. But Ho is an irrelevant candidate because Beijing will only pick either Leung or Tang. Ho concedes he has no chance of winning.

Tang gets Liberal Party's backing: The Liberal Party announced it was backing Henry Tang, the party's former founding member, making it the first establishment faction to declare its favoured chief executive candidate. Liberal Party chairwoman Miriam Lau said members agreed that all 29 votes of the party in the 1,194-strong Election Committee - which will select the city's next leader on March 25 - would go to Tang. She said the party would inform its allies, numbering around 50, of the decision.

Relations HK - Mainland China

Pollster wants end to 'false claims': Cultural Revolution-style criticism would do nothing for Hongkongers' sense of belonging, a pollster said, after a Beijing official claimed some surveys "served political interests". Dr Robert Chung was responding to an article by Hao Tiechuan, director of the publicity, culture and sports department of the central government's HK liaison office. Hao suggested some HK organisations "conduct surveys that serve the interests of certain political parties" and "aim to influence public opinions". Chung, director of the University of HK's public opinion programme, urged Hao to act on the "groundless accusations" made against him after Hao's attack on a poll on national identity which Chung's programme conducted.

HK people labelled as dogs by mainlander: An ultra-leftist mainland academic branded HK people "running dogs of the British government" when commenting on a quarrel between HK and mainland passengers on an MTR train. On a V1 internet television talk show, Professor Kong Qingdong, from Peking University's Chinese department, called HK people "dogs" and "bastards" and criticised them for discriminating against mainlanders and refusing to be identified as Chinese. Chief executive hopeful Henry Tang said Kong should take responsibility for his speech. His rival Leung Chun-ying said Kong's speech did not represent all mainlanders' views.

Transborder affairs

Chief Executive vows to curb mainland birth tourism: Chief Executive Donald Tsang vowed to review public hospital emergency ward charges and clamp down on illegal inns to curb the influx of pregnant mainlanders to the city to give birth. But Tsang, who is in office until June 30, stopped short of saying he would ask Beijing to suspend permits to pregnant mainlanders wanting to come to HK. And he sidestepped a question as to whether he would seek a reinterpretation of the Basic Law to deny right of abode to babies born to mainlanders.

DAB chief to act on mainland mums: Democratic Alliance for the Betterment and Progress of HK (DAB) chairman Tam Yiu-chung, a member of China's top political advisory body, will raise the issue of mainland women flocking to give birth in HK at the national congress in March. Tam is the latest politician to express concern about the issue. Last month, Chief Executive Donald Tsang raised the issue with Premier Wen Jiabao during his last official visit to Beijing. Tam said a child whose parents were not HK permanent residents should not get right of

abode in the city just by being born here. The number of mainland women coming to HK to give birth has been rising steadily in recent years, putting pressure on hospitals and the immigration system.

Legal affairs and human rights

No interference in justice, declare HK legal figures: A string of senior figures in HK's legal system have defended the impartiality and independence of the judiciary against public and political interference. Secretary for Justice Wong Yan-lung urged the public not to put pressure on courts deciding cases of great social importance so as to uphold judicial independence. The chairman of the Bar Association, Kumar Ramanathan, also urged people not to attack lawyers who represented unpopular clients, saying it was their duty to ensure people have access to justice. The increasing number of judicial reviews showed that people were aware of their freedom and right to challenge a governmental policy, said Geoffrey Ma, chief justice of the Court of Final Appeal. He said that the courts would only consider the arguments of the case and would not be swayed by political issues.

2011 big year for protests and big year for arrests: A group of activists who helped organise some of last year's biggest civil rights protests said more than 400 protesters had been arrested in 2011, eight times the number in 2010. Legislator James To said: "While Andy Tsang's (Police Commissioner) personal style of being hawkish could be a reason [for the increase in the number of arrests], the fact that protests have been more radical in recent years could also be a factor."

Health

HK alert after bus driver's bird flu death: A Shenzhen bus driver has died of bird flu - the first fatal case of the H5N1 virus in China in 18 months - prompting HK authorities to step up their vigilance. Chief executive Donald Tsang said the HK government was exchanging information with the Shenzhen health authorities. Marion Lai, HK's permanent secretary for food and health, said the government would step up inspection of mainland chilled-chicken imports.

5 dead birds in Causeway Bay tested for virus: Five birds found dead in Causeway Bay are being tested for the H5N1 virus, just weeks after a ban on live chicken sales was lifted. Meanwhile, a ranger who handled a dead bird at a family camp site in Sai Kung was released from hospital after being admitted with flu-like symptoms. The Agricultural, Fisheries and Conservation Department said it had collected the five birds found in Causeway Bay, as well as the one handled by the ranger, and would carry out tests for the virus.

Bug scare prompts vow to review inspections: Chief Executive Donald Tsang has promised to include testing for the legionella bacteria in new buildings in a review of inspection guidelines. He also said a special task force, to be chaired by Secretary for Food and Health Dr York Chow, would be set up to uncover the causes of the recent bacterial contamination in the new government headquarters at Tamar, which opened in August. So far, water samples taken from offices of seven of the ministers as well as Tsang's office have been found to contain the legionella bacteria that cause legionnaires' disease.

Environment

Roadside pollution is worse than ever: HK's roadside pollution levels were the worst ever last year, according to the Environmental Protection Department. Environmentalists renewed their calls for the immediate introduction of new air quality objectives, claiming that the government had deliberately delayed their introduction to ease the way for major infrastructure projects. The department blamed the figures on unfavourable weather conditions, worsening background pollution and the ageing vehicles on our streets. It said a number of measures were in the pipeline to improve air quality, while the new air quality objectives would be tabled to the legislature as soon as possible.

No cause to breathe easier: experts: HK will still lag international standards even after it approves tougher air quality objectives, environmental groups say, while experts believe the city will struggle to meet some of the new targets. Secretary for the Environment Edward Yau said standards for levels of lead, carbon monoxide, nitrogen dioxide and sulphur dioxide would match the highest level set down by the World Health Organisation. Standards for other pollutants will be less stringent, based on lower-level WHO targets. Green activists said HK's standards would not exactly match those set by the WHO, and argued that lead and carbon dioxide were of little relevance as they were not a main source of pollution in the city.

Would you pay to have your rubbish dumped: Are Hongkongers willing to pay to have their rubbish dumped and what system of charging would be acceptable? These are two key questions in a public consultation exercise on waste disposal which got under way. Environmentalists say the consultation lacks crucial information - including the amount of a levy and a waste reduction target - and say that prevents the public from making informed decisions. But Secretary for Environment Edward Yau said: "We should reach a consensus on whether to impose a levy on waste disposal before discussing [what the levy would be]" He admitted that HK lagged behind other international cities in reducing waste.

Culture and education

National education subject to be delayed: A committee tasked with mapping out the controversial introduction of compulsory national education in all HK government schools has suggested it be delayed until as late as 2015.

A legislator believes the proposed delay is the result of strong opposition from schools and teachers, who have complained that the subject's hasty introduction was unrealistic. Chief Executive Donald Tsang promised to improve HK pupils' knowledge of the nation in successive policy addresses following remarks by President Hu Jintao on the importance of giving HK children a better understanding of China's development and identity.

Shortage of talent threatens arts hub: HK's ambition to become Asia's arts hub could be hamstrung by a lack of home-grown talent. The city's arts institutes are scrambling to meet the increased demand for performers expected when the West Kowloon Cultural District opens its venues from 2015. Despite annual subsidies of hundreds of millions of dollars for arts development, publicly funded dance troupes and orchestras still rely overwhelmingly on foreign performers.

Varia

HK urged to strengthen ties with Taiwan: HK should take bolder steps to build ties with Taiwan as the island's relations with Beijing improve following Taiwanese President Ma Ying-jeou's re-election, political observers say. Veteran China watcher Johnny Lau criticised the government for failing to take advantage of warming cross-strait ties, and said the city risked being marginalised unless it acted. Priscilla Lau, a HK deputy to the National People's Congress, said: "Political contact is only one of the many aspects of Taiwan-HK relations. There is still a lot HK can do to build closer ties with Taiwan in the economic and cultural spheres." Relations between the city and Taipei would continue to develop based on platforms set up in recent years, a government spokesman said. Last year, the city opened its official Economic, Trade and Cultural Office in Taiwan to handle visas for visitors and maintain direct contact with the Taiwanese authorities.

Press articles related to Switzerland and Swiss matters

Swiss central banker quits over wife's currency trade (SCMP, 10th Jan. 2012): Swiss central bank chief Philipp Hildebrand resigned in the face of growing criticism of a controversial currency trade made by his wife in August. His resignation came as he prepared to face Swiss parliamentarians in the aftermath of the scandal, and as the bank employee sacked for leaking news of the trade was reportedly committed to a psychiatric clinic after a suicide attempt. The Swiss franc rose after the Swiss National Bank announced Hildebrand had gone.

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