



December in Hong Kong

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Economy + Finance

- Hong Kong business leaders welcome 90-day trade truce between China and US – but some are still considering relocating factories (SCMP, Dec. 3)
- US-China trade truce offers breathing space – but there will be ‘ups and downs’, Hong Kong Financial Secretary Paul Chan warns (SCMP, Dec. 4)
- Hong Kong is still most visited city in the world, report says, but a protracted trade war could be a blow to Asia tourism (SCMP, Dec. 5)
- Hong Kong exporters ‘face 25 per cent fall’ in US orders for first quarter of 2019 due to trade war (SCMP, Dec. 8)
- Finance minister Paul Chan hints at 2019-20 budget relief measures for Hongkongers hit by US-China trade war (SCMP, Dec. 9)
- IMF endorses Hong Kong’s wait-and-see housing policies as property prices have room to fall (SCMP, Dec. 12)
- Investors are still optimistic about Hong Kong despite US-China trade war, says InvestHK director general (SCMP, Dec. 13)
- Hong Kong trade body slashes export forecasts by almost half and warns of volatile start to year with all eyes on US-China tariffs truce (SCMP, Dec. 14)
- Beijing removes barrier to trade between Hong Kong and Greater Bay Area as new agreement scraps tax on goods being sent across the border (SCMP, Dec. 15)
- Time for Hong Kong workers to get reasonable 5.5 per cent pay rise says union chief, as she calls out companies for not sharing the wealth (SCMP, Dec. 16)
- Hong Kong ranked sixth most expensive city for expats to live in, while Turkmenistan’s Ashgabat takes the top spot (SCMP, Dec. 18)
- Building on Fanling golf course shortlisted as option to ease Hong Kong housing crunch (SCMP, Dec. 19)
- Hong Kong’s de facto central bank raises base interest rate by 25 points for fourth time this year in lockstep with US monetary policy (SCMP, Dec. 20)
- Finance chief Paul Chan hints at fewer sweeteners in 2019-20 Hong Kong budget (SCMP, Dec. 24)
- ‘Substandard work is still safe’ on Hong Kong’s Sha Tin-Central link, says MTR Corp (SCMP, Dec. 25)
- Hong Kong-Zhuhai-Macau Bridge traffic continues to rise, but efforts to reduce weekend day trippers pay off (SCMP, Dec. 26)
- Hong Kong sells third housing plot on disused airport runway at 12.7 per cent discount, in another sign of property market woes (SCMP, Dec. 28)

Domestic politics

- Hong Kong lawmaker Eddie Chu’s ban from village election based on shaky argument, legal scholar Johannes Chan says (SCMP, Dec. 3)
- Hong Kong’s pan-democrats ready to defend Eddie Chu from any attempt to remove him from legislature (SCMP, Dec. 4)
- Safeguard China’s constitution and sovereignty, any challenge will not be tolerated, top Beijing legal official tells Hong Kong (SCMP, Dec. 5)
- Lawmakers should consider extending allegiance requirement to district councils and rural bodies in Hong Kong, says Beijing loyalist Maria Tam (SCMP, Dec. 8)
- Arrested Huawei executive Sabrina Meng’s passport in order, says Hong Kong Immigration Department (SCMP, Dec. 10)
- Hong Kong Democrats lose 59 members after row over district council elections (SCMP, Dec. 12)
- Former Hong Kong chief executive CY Leung cleared of any wrongdoing over HK\$50 million UGL payment after four-year ICAC probe (SCMP, Dec. 12)

- Mainland Chinese officers can operate in Hong Kong rail station, court rules, but it doesn't mean that can be replicated elsewhere (SCMP, Dec. 13)
- Beijing official praises Hong Kong's 'positive energy' and improved political atmosphere in meeting with delegation from city (SCMP, Dec. 14)
- Chinese President Xi Jinping praises 'courageous' Hong Kong leader Carrie Lam (SCMP, Dec. 17)
- Implement the Basic Law better, Xi Jinping tells Hong Kong and Macau (SCMP, Dec. 19)
- Lawmakers to question Hong Kong's justice secretary on decision not to prosecute former chief executive CY Leung (SCMP, Dec. 20)
- Hong Kong justice chief Teresa Cheng under fire after rejecting calls to further explain CY Leung's UGL payment case (SCMP, Dec. 26)
- Hong Kong's top legal bodies call on justice minister Teresa Cheng to explain why investigation against former chief executive CY Leung was dropped (SCMP, Dec. 28)

Legal affairs and human rights

- Controversial small-house policy was never traditional right of indigenous male villagers in Hong Kong, landmark hearing told (SCMP, Dec. 4)
- Law enforcement officers need more training on interception and surveillance, says watchdog, after rise in reported irregularities (SCMP, Dec. 5)
- Hong Kong's Law Reform Commission urges government to pass law to protect public records and access to them, but critics say it does not go far enough (SCMP, Dec. 7)
- HK\$6 billion in scammed funds transferred through Hong Kong bank accounts in past 15 months (SCMP, Dec. 13)
- Hong Kong shoppers lose HK\$40 million to online crooks in 2018 – 146 per cent rise on last year (SCMP, Dec. 17)
- Beijing has pledged to protect rights of four Hongkongers jailed for life in the Philippines on drug charges, city's security chief John Lee says (SCMP, Dec. 18)
- Former Hong Kong chief executive Donald Tsang given go ahead to lodge final appeal (SCMP, Dec. 20)

Health

- Gene editing not on the agenda as University of Hong Kong and Harvard join forces in bid to make disease detection faster, easier and smarter (SCMP, Dec. 3)
- Fish kept at Hong Kong university could hold key to finding cure for dementia, say scientists who won prestigious innovation award (SCMP, Dec. 10)
- HK\$13 billion Hong Kong Children's Hospital starts operating limited service with inpatient wards to start opening in 2019 (SCMP, Dec. 19)
- African swine fever edges closer to Hong Kong putting authorities on alert as 11 infected pigs are destroyed just across the border in mainland China (SCMP, Dec. 20)
- Nearly 20 mainland Chinese pig farms cut supplies to Hong Kong and Macau as African swine fever spreads (SCMP, Dec. 26)

Environment

- Give commercial electric vehicles more support in Hong Kong, environmental advisers urge government (SCMP, Dec. 4)
- Hong Kong uses enough water to fill 500,000 swimming pools yearly – will it ever run dry? (SCMP, Dec. 8)
- Hong Kong lacking in leadership to deal with climate change, report warns, with no dedicated authority to tackle issue, unlike Singapore, Seoul and Tokyo (SCMP, Dec. 14)
- Industrial waste in landfills up a fifth as China-bound rubbish piles high in Hong Kong (SCMP, Dec. 24)

Culture and education

- Change to University of Hong Kong admission process welcomed by 70 per cent of school pupils ahead of final exams (SCMP, Dec. 3)
- University of Hong Kong reveals provost won two extensions amid retirement contract controversy (SCMP, Dec. 10)
- Hong Kong university graduates take home less pay than counterparts 30 years ago and one in six ends up in unskilled job, study finds (SCMP, Dec. 18)

Society

- Move to replace old Hong Kong ID cards kicks in with launch of nine registration centres across city (SCMP, Dec. 28)

Macau

- Will US firms' Macau casino licences get politicised by US-China trade war? Don't bet on it (SCMP, Dec. 19)

Press articles related to Switzerland and Swiss matters

- China allows UBS to take controlling stake in local securities firm (AFP, SCMP, Dec. 1)

Economy + Finance

Hong Kong business leaders welcome 90-day trade truce between China and US – but some are still considering relocating factories (SCMP, Dec. 3): Hong Kong's business leaders are cautiously optimistic about a 90-day trade truce agreed by China and the US, hoping the disputes can be settled within the time frame as some ponder relocating factories to Southeast Asia. For Danny Lau, honorary chairman of the Hong Kong Small and Medium Enterprises Association, the truce is music to his ears. But Lau, who like many other Hong Kong businessmen runs factories in Dongguan city in mainland China, made clear that he would not immediately drop his plans to relocate his aluminium workshops to Southeast Asia. The city's commerce minister, Edward Yau, said the latest development would help ease pressure on Hong Kong's export volumes in the current quarter and the next.

#Top of the Document

US-China trade truce offers breathing space – but there will be 'ups and downs', Hong Kong Financial Secretary Paul Chan warns (SCMP, Dec. 4): Hong Kong Financial Secretary Paul Chan said the 90-day trade truce agreed between the US and China gave the city's financial market some breathing space, but he warned of volatility as the two countries negotiated a settlement. "During the negotiations, there will be ups and downs because there are not only trade disputes, but also significant differences between them [the US and China] in structural issues," Chan said. The city's biggest business chamber, the Hong Kong General Chamber of Commerce, said the 90-day truce was not long enough to work out the disputes between the two economic powers. "There are very major issues still at stake. Trade imbalances, for one. [Intellectual property] rights are another," chamber chairman Aron Harilela said.

#Top of the Document

Hong Kong is still most visited city in the world, report says, but a protracted trade war could be a blow to Asia tourism (SCMP, Dec. 5): For the eighth year in a row, Hong Kong was the most visited city in the world, beating the likes of London, Paris and New York, according to the "Top 100 City Destinations 2018" of global market research company Euromonitor International. Wouter Geerts, a travel research consultant at Euromonitor, said Hong Kong was likely to stay in pole position, but added that its heavy reliance on the mainland China market was risky. He said the special administrative region should develop its tourism market further, and not focus merely on shopping as its main attraction. Hong Kong has amazing outdoor experiences, and these being accessible via the MTR was just one of its offerings for tourists, he added.

#Top of the Document

Hong Kong exporters 'face 25 per cent fall' in US orders for first quarter of 2019 due to trade war (SCMP, Dec. 8): Hong Kong firms exporting to the United States face a drop in business of at least 25 per cent in the first quarter of 2019 due to the US-China trade war. That was the prediction made by Danny Lau, honorary chairman of the Hong Kong Small and Medium Enterprises Association. He felt the messages sent by the US were getting messy after Sabrina Meng, chief financial officer of Chinese telecommunications giant Huawei Technologies, was arrested in Canada at the behest of US authorities. Professor Francis Lui, adjunct professor at the Hong Kong University of Science and Technology, believed the US was aiming to deal a blow to Huawei with Meng's arrest, because the company's 5G technology, which he described as cheaper and better quality, posed a great threat to the American innovation sector. Lui believed the US wanted to start a tech war with China.

#Top of the Document

Finance minister Paul Chan hints at 2019-20 budget relief measures for Hongkongers hit by US-China trade war (SCMP, Dec. 9): Finance minister Paul Chan said he would consider including relief measures in his next budget to help Hongkongers under pressure from internal and external economic instability. Chan's assurances follow warnings of an economic slowdown in Hong Kong amid the US-China trade war. The financial secretary revealed in his blog what he expected to be the broad direction of the February budget – "supporting enterprises, securing employment and stabilising the economy". The minister announced last month that Hong Kong's economic growth had slowed in the third quarter of 2018. The figure of 2.9 per cent was lower than expected, under the weight of weakened property and stock markets. It was the slowest quarterly growth in two years.

#Top of the Document

IMF endorses Hong Kong's wait-and-see housing policies as property prices have room to fall (SCMP, Dec. 12): The International Monetary Fund (IMF) has endorsed the Hong Kong government's wait-and-see stance before taking any further actions to offset the risk of a fall in housing prices. The IMF said the focus on government policy should be on increasing housing supply. "Don't count on the government rescuing the [property] market," Chief Executive Carrie Lam Cheng Yuet-ngor warned during the Hong Kong Economic Journal's Economic Summit 2019 conference in Hong Kong. "The downward adjustment has not even offset the increase at the beginning of this year." The IMF agreed that the decline in prices so far does not represent a clear trend.

[#Top of the Document](#)

Investors are still optimistic about Hong Kong despite US-China trade war, says InvestHK director general (SCMP, Dec. 13): The investment outlook in Hong Kong remains optimistic despite tensions arising from the US-China trade war, with the number of jobs created by foreign and mainland Chinese investors hitting a record high this year, according to InvestHK. Its director general, Stephen Phillips, made the bullish forecast as the agency's data showed that the number of business operations with parent companies outside Hong Kong climbed 6.4 per cent to 8,754 this year, compared to 8,225 in 2017. The number of regional headquarters also grew 8 per cent to 1,530 from 1,413 last year. In terms of jobs, the number of people employed reached an all-time high of 485,000, compared to 443,000 in 2017. The number of start-ups also increased to 2,625 this year, up 18 per cent from 2,229 in 2017. "Based on the conversations with prospective investors around the world, we are still optimistic ... the trade war is creating some uncertainties. Companies around the world are looking for opportunities for the longer term," he explained.

[#Top of the Document](#)

Hong Kong trade body slashes export forecasts by almost half and warns of volatile start to year with all eyes on US-China tariffs truce (SCMP, Dec. 14): Growth in Hong Kong's exports will be nearly halved to 5 per cent in 2019 from 9 per cent this year, with the outlook the most uncertain in the coming first quarter amid a temporary truce in the US-China trade war, the city's trade development body forecast. Washington and Beijing on December 1 agreed to hold off on imposing extra tariffs on each other for 90 days to allow talks for a deal, but Hong Kong Trade Development Council director of research Nicholas Kwan said that could lead to more uncertainty as the time was too short to resolve deep-rooted and complicated issues. "The most volatile situation will be the first quarter next year," Kwan said. "The two parties may turn the tables or return to the negotiating table at any time."

[#Top of the Document](#)

Beijing removes barrier to trade between Hong Kong and Greater Bay Area as new agreement scraps tax on goods being sent across the border (SCMP, Dec. 15): Local businesses have been given a boost after Hong Kong signed an agreement removing tariffs from goods being exported to the "Greater Bay Area", a new economic zone in southern China, and liberalising key service sectors. The deal, signed by the city and central government, removes tax and customs barriers between Hong Kong and the Greater Bay Area. In a pilot scheme, the city's service sectors in finance, education, tourism and culture will be allowed to launch in the Greater Bay Area. The agreement, which is part of the Closer Economic Partnership Arrangement, or CEPA, is expected to take effect on January 1. There are 6,000 items involved in the latest agreement, with the bulk of them having been subject to a tariff ranging between 0.8 per cent and 65 per cent. Previously, CEPA already provided import tax exemptions on 1,901 made in Hong Kong items.

[#Top of the Document](#)

Time for Hong Kong workers to get reasonable 5.5 per cent pay rise says union chief, as she calls out companies for not sharing the wealth (SCMP, Dec. 16): A trade union chief has called on Hong Kong businesses to give staff a 5.5 per cent pay rise this year, and said workers had not benefited from the fruits of their own labour in the past. Carol Ng, chairwoman of the Confederation of Trade Unions (CTU), said over the past 10 years there was an 18 per cent gap between the increase in productivity and the rise in pay in real terms for staff. Ng also told bosses they should not try to use the US-China trade war as an excuse to rein in staff pay, and any wage rise below the CTU's recommendation would adversely affect -employee morale.

[#Top of the Document](#)

Hong Kong ranked sixth most expensive city for expats to live in, while Turkmenistan's Ashgabat takes the top spot (SCMP, Dec. 18): The strengthening Hong Kong dollar has catapulted the city up to sixth on the list of the world's most costly destinations for expats, up from No 9 last year, according to a biannual survey. ECA regional director Lee Quane said that "2018 was another strong year for the Hong Kong dollar ... leapfrogging locations such as Tokyo and Oslo where the respective currencies have been slightly weaker". The ECA survey takes the cost of food, household goods, recreational goods and services, clothing, electrical goods, motoring, meals out and alcohol and tobacco into account.

It does not take into consideration rent, car purchases or school fees.

[#Top of the Document](#)

Building on Fanling golf course shortlisted as option to ease Hong Kong housing crunch (SCMP, Dec. 19): Part of an exclusive golf course in northern Hong Kong could be dug up and used for housing, after official advisers put it among eight preferred options for easing a land supply crunch. "It was a unanimous decision to redevelop part of the golf course," a source at the land supply task force said. "It is because the housing shortage is serious and the site is close to the railway network." The task force was set up by Chief Executive Carrie Lam to identify at least 1,200 hectares of land which could be built on, boosting supply in the world's priciest property market. The source said that, based on public consultation findings, it had selected eight preferred land options, which in total would free up about 3,000 hectares. Of that, only about 300 hectares would be available within eight years. Three of the eight recommendations are short-term options providing 300 hectares of land. They include building on brownfield sites, using private farmland, and using the 32-hectare old course at the 170-hectare Fanling site.

[#Top of the Document](#)

Hong Kong's de facto central bank raises base interest rate by 25 points for fourth time this year in lockstep with US monetary policy (SCMP, Dec. 20): The Hong Kong Monetary Authority (HKMA) has raised the city's base lending rate by 25 basis points for the fourth time this year, moving in lockstep with the US Federal Reserve's overnight increase of the same quantum, to maintain the local currency's peg to the US dollar. The four quarter-point increases have added 1 full percentage point to Hong Kong's base lending rate, at 2.75 per cent with immediate effect. The HKMA chief executive Norman Chan said the public needed to manage risks and prepare for an economic downturn and market volatility in 2019, as interest rates will continue to rise. Most of the city's banks released statements saying they would keep their best lending rates unchanged for now. That will come as a relief to homeowners, who would face higher mortgage payments in the event of an increase in their banks' prime rates.

[#Top of the Document](#)

Finance chief Paul Chan hints at fewer sweeteners in 2019-20 Hong Kong budget (SCMP, Dec. 24): Finance minister Paul Chan hinted there would be fewer sweeteners for cash-strapped Hongkongers in his next budget as "public resources are not unlimited". Chan moved to temper expectations despite revealing that the government was on track to record another surplus in the 2018-19 financial year. He said hopes were high among the different parties vying for public money, and there was no perfect solution. Chan disclosed that the city's finances were relatively healthy again this year. Wong Kwok-kin, a member of the Executive Council, a group of policy advisers to Hong Kong's leader, said the surplus was expected to be only a third of the HK\$138 billion (US\$17.6 billion) figure last year. Federation of Trade Unions lawmaker Kwok Wai-keung said he believed Chan was hinting there would be fewer relief measures.

[#Top of the Document](#)

'Substandard work is still safe' on Hong Kong's Sha Tin-Central link, says MTR Corp (SCMP, Dec. 25): Hong Kong's transport giant has played down the safety failures being unearthed daily at the city's most expensive rail project ever, as it tried to scotch suggestions that it should rip up newly built platforms and start again. Reporting progress on the investigation by the MTR Corporation on the Sha Tin-Central link at Hung Hom station, Yim Kin-ping, an independent expert on the probe, said it had not found any cases of reinforcing bars being cut short, as had been reported. But he conceded construction quality was below standard. The MTR Corp is in the process of breaking open at least 80 sections of two platforms at the station for the HK\$97.1 billion (US\$12.4 billion) line. At least 168 coupler connections for the reinforcement bars will be exposed for inspection. A final assessment is expected to be delivered by mid-March. Yim appeared to lower the safety standard. He said a coupler with six out of 10 screw threads inserted, giving an insertion of about 24mm, would be safe, though it was four threads short of correct installation. The threads are the slanted grooves which guide, and hold, the screw end into the coupler. The government previously required that at least 40mm of each bar be screwed into its coupler, deeming anything less than 37mm substandard.

[#Top of the Document](#)

Hong Kong-Zhuhai-Macau Bridge traffic continues to rise, but efforts to reduce weekend day trippers pay off (SCMP, Dec. 26): The average number of daily users of the new Hong Kong-Zhuhai-Macau Bridge rose slightly in its second month of operation, but efforts to cut traffic at the weekend in response to locals' complaints appear to have worked. An average of 69,000 people a day passed through the mega bridge's Hong Kong checkpoint between November 24 and December 23 – or 2.07 million in total – a rise of 1.5 per cent from about 68,000 a day in its first month of operation. But despite the overall increase, the number of users at the weekend has been falling. Much of the congestion in the district is believed to have been caused by unlicensed travel agents taking visitors to the area without

cooperating with a local agency. Amid fears the grievance would sour cross-border relations, tourism authorities in Guangzhou on November 22 issued an urgent notice asking mainland travel agencies to avoid taking visitors across the bridge at weekends.

[#Top of the Document](#)

Hong Kong sells third housing plot on disused airport runway at 12.7 per cent discount, in another sign of property market woes (SCMP, Dec. 28): Hong Kong's government, which relies on land sales for a substantial part of its revenue, has sold its final residential plot for the year at a 12.7 per cent discount to market valuation, in a further sign of the city's cooling property market. Kai Tak Area 4B Site 2, the third plot for sale on the former airport's disused runway, sold for HK\$8.03 billion (US\$1.03 billion). Market observers saw the low price as a sign developers are worried that Hong Kong's stalling housing market will dip further in 2019. Centa-City Leading Index, the home price index compiled by Centaline Property Agency, has fallen 6.4 per cent for 12 weeks for the week ended December 16, the longest losing streak since November 2008.

[#Top of the Document](#)

Domestic politics

Hong Kong lawmaker Eddie Chu's ban from village election based on shaky argument, legal scholar Johannes Chan says (SCMP, Dec. 3): The decision to ban lawmaker Eddie Chu from running in a rural representative election was based on a shaky argument that could be struck down in court, a leading legal scholar believes. Johannes Chan, the former law dean of the University of Hong Kong, was speaking after Chu was told he would not be allowed to run for a post as a local village's representative. Returning officer Enoch Yuen pointed to Chu's stance on Hong Kong independence and said the lawmaker had dodged his questions on his political beliefs. Yuen took this to imply that Chu supported the possibility of Hong Kong breaking with Beijing in the future. Chan, however, said Chu's responses to the returning officer were open to interpretation. The legal scholar did not believe they met the standard of giving the election officer "cogent, clear and compelling" evidence as required by the precedent set in the case of Andy Chan. Andy Chan was barred from standing in a Legislative Council by-election in New Territories West in 2016 because of his political beliefs.

[#Top of the Document](#)

Hong Kong's pan-democrats ready to defend Eddie Chu from any attempt to remove him from legislature (SCMP, Dec. 4): Pan-democrats said they were ready to defend their ally Eddie Chu against a possible attempt by the rival bloc to unseat him from Hong Kong's legislature. The camp is expected to have enough votes to block such a move, but members expressed worries that political vetting on similar grounds could be used in elections, including next year's district council polls. Chu was disqualified from running in a rural committee election. The returning officer said it was because of Chu "implicitly confirming his support" for the city's self-determination, which is seen by some as a cover for independence advocacy. Following the disqualification, Stanley Ng, a local delegate to China's parliament, the National People's Congress, called for Chu to be removed from his seat in the Legislative Council.

[#Top of the Document](#)

Safeguard China's constitution and sovereignty, any challenge will not be tolerated, top Beijing legal official tells Hong Kong (SCMP, Dec. 5): A top legal official from Beijing urged Hongkongers to safeguard China's constitution and sovereignty, warning that any activities challenging the central government's authority would not be tolerated. Shen Chunyao, chairman of the Basic Law Committee and the Legislative Affairs Commission of China's top legislative body, the National People's Congress Standing Committee (NPCSC), described the Chinese constitution as having a "mother-son" and "higher-lower" relationship with Hong Kong's mini-constitution, the Basic Law. Shen said the national constitution was the fundamental, highest law of the country and its authority extended to Hong Kong as well. "All Chinese people, including Hongkongers, and all state institutions have to safeguard the dignity of the constitution and ensure its implementation," he said. "Any acts that jeopardise national sovereignty and security, and challenge the authority of the central government and the Basic Law, will be deemed to have touched the bottom line, and will absolutely not be tolerated."

[#Top of the Document](#)

Lawmakers should consider extending allegiance requirement to district councils and rural bodies in Hong Kong, says Beijing loyalist Maria Tam (SCMP, Dec. 8): Hong Kong's legislature should consider extending the requirement of allegiance to rural and district level elections, pro-establishment camp heavyweight Maria Tam said. Tam, vice-chairwoman of Basic Law Committee under the National People's Congress Standing Committee, China's top legislative body, said the enforcement of electoral regulations had become a controversial matter. She suggested Legco should "seriously consider" extending the requirement of allegiance to district council elections.

[#Top of the Document](#)

Arrested Huawei executive Sabrina Meng's passport in order, says Hong Kong Immigration Department (SCMP, Dec. 10): The Hong Kong Immigration Department revealed for the first time that there were no irregularities in the three passports issued to the Huawei Technologies executive recently detained in Canada. It also said she held only one valid Hong Kong Special Administrative Region passport, but it did not say why she needed three such documents in three years. Meanwhile a government source told the Post that Sabrina Meng renewed the passports within a short time because she had changed her name. The department was responding to the drama involving Meng, arrested in Vancouver at the behest of the United States, as Canadian court documents showed the permanent Hong Kong resident had at least seven passports – four from mainland China and three from the Hong Kong SAR.

[#Top of the Document](#)

Hong Kong Democrats lose 59 members after row over district council elections (SCMP, Dec. 12): Hong Kong's biggest pro-democracy party suffered a historic loss of headcount when 59 members resigned en masse, after a row over the upcoming district council elections. In a joint statement, 11 of the leavers said they quit because of Democratic legislator Lam Cheuk-ting, who accused them of having conflicts of interest because they joined concern groups that would compete with the party in the polls next year. "We have witnessed Lam's despicable character, and his lack of political ethics," the statement read. As the party's central leadership did not address the issues, they said, they had no option but to leave. It was the party's first mass exodus since 2010, when Gary Fan and more than 20 others left due to differences in opinion over a government political reform package.

[#Top of the Document](#)

Former Hong Kong chief executive CY Leung cleared of any wrongdoing over HK\$50 million UGL payment after four-year ICAC probe (SCMP, Dec. 12): Former Hong Kong chief executive Leung Chun-ying has been cleared of any wrongdoing after a four-year corruption investigation into a HK\$50 million (US\$6.4 million) payment he received from an Australian engineering firm. The Independent Commission Against Corruption said that it would not take any "further investigative action", ending the marathon probe. In a statement, the ICAC said it submitted a report to the independent Operations Review Committee, which oversees the agency's investigations. "After considering the report and the legal advice given, the [committee] endorsed that no further investigative action should be taken by the ICAC," the statement said, adding that the Department of Justice had also decided there was "insufficient evidence to support a reasonable prospect of conviction" against Leung for any criminal offence.

[#Top of the Document](#)

Mainland Chinese officers can operate in Hong Kong rail station, court rules, but it doesn't mean that can be replicated elsewhere (SCMP, Dec. 13): A Hong Kong court ruled that allowing mainland Chinese officers to apply national laws at the city's new cross-border rail terminus was consistent with its mini-constitution. But while the High Court's judicial review backed the approval of the so-called co-location arrangement by the National People's Congress Standing Committee (NPCSC) last December, it stopped short of answering the key question of whether such decisions in general made by China's top legislative body were binding on Hong Kong. Mr Justice Anderson Chow also made it clear the unprecedented arrangement did not mean it could be applied in areas other than the mainland port of the West Kowloon terminus. His ruling was a blow to critics who had called the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Co-location) Ordinance unconstitutional and damaging to the "one country, two systems" framework under which Beijing governs the city.

[#Top of the Document](#)

Beijing official praises Hong Kong's 'positive energy' and improved political atmosphere in meeting with delegation from city (SCMP, Dec. 14): A top Beijing official overseeing Hong Kong affairs has praised the city for showing "positive energy" and improvements in political atmosphere, even as he warned against any challenge on national security. Zhang Xiaoming, the head of the State Council's Hong Kong and Macau Affairs Office (HKMAO), also promised that the central government would come up with more policy initiatives to support Hong Kong, especially in helping young Hongkongers on issues such as studies, employment and entrepreneurship.

[#Top of the Document](#)

Chinese President Xi Jinping praises 'courageous' Hong Kong leader Carrie Lam (SCMP, Dec. 17): President Xi Jinping has heaped praise on Hong Kong's leader, singling out her courage in fulfilling her responsibilities and willingness to tackle difficult issues. At a meeting with Chief Executive Carrie Lam in Beijing, Xi lauded her for firmly safeguarding China's "one country, two systems" governing principle for Hong Kong, as well as planning for the future and making efforts to solve livelihood issues faced by residents in the city, especially the young. "Looking forward, we will insist that the one country, two systems principle must not be swayed, and support Hong Kong and Macau in integrating into national development, nurturing new strengths, playing new roles, realising new development and

making new contributions,” Xi concluded. In an earlier meeting, Premier Li Keqiang also praised Lam for her leadership, highlighting her promotion of innovation and efforts to tackle livelihood issues.

[#Top of the Document](#)

Implement the Basic Law better, Xi Jinping tells Hong Kong and Macau (SCMP, Dec. 19): President Xi Jinping has called for improvements in Hong Kong’s implementation of its mini-constitution, the Basic Law, as he emphasised Beijing’s firm political will and strong capability to safeguard national sovereignty and territorial integrity. He spoke at a ceremony in Beijing to commemorate the 40th anniversary of China’s reform and opening up. “We need to implement ‘one country, two systems’ ... comprehensively and accurately, and strictly follow the constitution and the Basic Law” he said. “We also have to improve the systems and mechanisms that are related to the implementation of the Basic Law, and maintain the long-term prosperity and stability of Hong Kong and Macau.” Xi did not elaborate on the systems and mechanisms that needed improvement, but since taking office in July last year, Lam has faced increasing pressure from Beijing to enact national security legislation – especially amid separatists’ advocacy for Hong Kong to break away from the mainland. Under Article 23 of the Basic Law, the government is obliged to enact its own law to prohibit acts such as treason and subversion.

[#Top of the Document](#)

Lawmakers to question Hong Kong’s justice secretary on decision not to prosecute former chief executive CY Leung (SCMP, Dec. 20): Hong Kong’s Secretary for Justice will be questioned by lawmakers next month on her decision not to charge former chief executive Leung Chun-ying. The news came as a former Director of Public Prosecutions criticised Teresa Cheng and her department for not answering even the most basic of questions about the case. While pro-government camp lawmakers said Cheng should only be asked about prosecution policy when she attends the Legislative Council meeting on January 28, pan-democrats said they would press for more answers on the Leung investigation. On Dec. 12, the Department of Justice cleared the former Hong Kong leader of corruption in relation to receiving HK\$50 million from Australian engineering conglomerate UGL between 2012 and 2013, when he was serving as the city’s top official. The department issued a brief statement, which did little to explain the legal principle behind its decision, and why UGL’s payment to Leung did not constitute a conflict of interest. Nor did the department seek any independent legal advice before reaching its final decision.

[#Top of the Document](#)

Hong Kong justice chief Teresa Cheng under fire after rejecting calls to further explain CY Leung’s UGL payment case (SCMP, Dec. 26): Hong Kong’s justice minister returned home from leave on Boxing Day only to set off a new chorus of criticism by flatly rejecting widespread calls to further explain why her department dropped an investigation into the business dealings of former city leader Leung Chun-ying. Breaking a two-week silence on the controversy, Teresa Cheng sparked more doubts about her justification for not seeking advice from legal experts outside the Department of Justice (DOJ) – her claim that this was only necessary when internal staff were being investigated was instantly questioned and contradicted by local professionals. Cheng instead urged critics not to politicise a legal matter and dismissed suggestions that she had been on official leave since December 15 to avoid facing the public.

[#Top of the Document](#)

Hong Kong’s top legal bodies call on justice minister Teresa Cheng to explain why investigation against former chief executive CY Leung was dropped (SCMP, Dec. 28): Justice Minister Teresa Cheng came under mounting pressure as Hong Kong’s two major legal bodies called on her to fully explain the government’s decision to drop investigations against former city leader Leung Chun-ying over a HK\$50 million (US\$6 million) payment. The Bar Association and the Law Society, representing the city’s barristers and solicitors respectively, separately urged Cheng to clarify if the Department of Justice (DOJ) had changed its policy in seeking outside legal opinion on certain cases, when prosecutors previously did so to dispel possible bias or conflict of interest. Cheng defended the DOJ’s move, insisting there was no need to seek external legal opinion unless the case “involved a member of the DOJ”.

[#Top of the Document](#)

Legal affairs and human rights

Controversial small-house policy was never traditional right of indigenous male villagers in Hong Kong, landmark hearing told (SCMP, Dec. 4): The exclusive right of Hong Kong’s male indigenous villagers to build homes without paying a land fee is not part of the indigenous traditions the law protects, the High Court heard at the start of a landmark case. The judicial review hearing, which poses one of the most serious challenges to the government’s protection of the privilege, comes amid a heated public debate over how to source more land to solve the city’s housing crisis. The scheme being challenged, known as the small-house policy, has been widely criticised for being unfair to most Hong Kong people

amid high property prices and shrinking living spaces. The hearing was expected to last eight days.
[#Top of the Document](#)

Law enforcement officers need more training on interception and surveillance, says watchdog, after rise in reported irregularities (SCMP, Dec. 5): Hong Kong's surveillance watchdog urged law enforcement agencies to step up training of officers on interception and surveillance operations after a rise in reported irregularities last year. Azizul Suffiad, the commissioner on interception of communications and surveillance, said that 18 cases of non-compliance or irregularities were found in 2017, compared to 11 reports the previous year. The watchdog said negligence, a lack of training and a lack of familiarity with the code of practice could be to blame for the mistakes, although it found no evidence of bad faith or deliberate disregard for the statutory provisions.

[#Top of the Document](#)

Hong Kong's Law Reform Commission urges government to pass law to protect public records and access to them, but critics say it does not go far enough (SCMP, Dec. 7): Hong Kong's Law Reform Commission has called for laws to protect public records and archives, as well as the rights of the public to gain access to them, so as to increase government transparency and accountability. But critics have been lukewarm, with some calling the proposed regimes "toothless", while others say the move was only "better than none". The central plank of the commission's proposals is to have an archives law and legislation to implement access to information. There is presently no archives law in Hong Kong, and the Government Records Service Division (GRS), under the Chief Secretary for Administration's Office, is tasked with overseeing the management of archival records with administrative rules.

[#Top of the Document](#)

HK\$6 billion in scammed funds transferred through Hong Kong bank accounts in past 15 months (SCMP, Dec. 13): Close to HK\$6 billion (US\$768 million) swindled from victims of various online and phone scams in Hong Kong and around the world was transferred through bank accounts in the city over the past 15 months, the Post has learned. A police anti-fraud squad set up last July seized more than HK\$1.1 billion, or 20 per cent of the payments, but fraudsters pocketed the rest. Investigations indicated that a portion of the money was laundered through local bank accounts and moved around the world before the authorities lost track of it, one law enforcement source said. The anti-fraud squad has identified thousands of individuals and company accounts in the city that were used to collect and launder such sums.

[#Top of the Document](#)

Hong Kong shoppers lose HK\$40 million to online crooks in 2018 – 146 per cent rise on last year (SCMP, Dec. 17): Internet fraudsters duped more than 1,900 Hong Kong shoppers out of nearly HK\$40 million (US\$5.12 million) between January and November, prompting police to warn buyers to be wary. In the first 11 months of 2018 there were 1,920 reports of online shopping fraud, up 32 per cent on the 1,449 cases in the same period last year. Losses reached HK\$39.9 million, a 146 per cent rise on the HK\$16.2 million seen between January and November 2017. Senior Superintendent Frank Law said the surge in 2018 was due to the growing popularity of online shopping.

[#Top of the Document](#)

Beijing has pledged to protect rights of four Hongkongers jailed for life in the Philippines on drug charges, city's security chief John Lee says (SCMP, Dec. 18): Hong Kong's security minister said Beijing had pledged to do everything in its power to protect the rights of four Hongkongers jailed for life in the Philippines on drug charges. The assurance by Secretary for Security John Lee came as the families of the men convicted for possession of methamphetamine said they would exhaust all means in their fight for justice. Lee said he had asked the central government to pay special attention to the case. The families and Democratic Party lawmaker James To had repeatedly urged Beijing and Hong Kong officials to intervene, saying the trial of the men was unfair and their arrest in 2016 in front of journalists was a set-up.

[#Top of the Document](#)

Former Hong Kong chief executive Donald Tsang given go ahead to lodge final appeal (SCMP, Dec. 20): Jailed former Hong Kong leader Donald Tsang got the green light from the city's top court to lodge a final legal bid to clear his name. His appeal will be heard on May 14 next year, Chief Justice Geoffrey Ma announced, after ruling alongside two Court of Final Appeal judges that the former top official had an arguable case. The city's chief executive from 2005 to 2012, was found guilty of misconduct in public office last year, over an undeclared deal with a businessman concerning a three-storey penthouse in Shenzhen, mainland China. The ultimate appeal will centre on whether the trial judge properly directed the jurors before they convicted Tsang.

[#Top of the Document](#)

Health

Gene editing not on the agenda as University of Hong Kong and Harvard join forces in bid to make disease detection faster, easier and smarter (SCMP, Dec. 3): The University of Hong Kong and Harvard University are setting up a laboratory in Hong Kong for the first time in an ambitious attempt to use talent from both the prestigious schools to make disease detection faster, easier and with more precision. The two universities are joining forces in a bid to invent devices that would improve diagnosis of diseases, so patients can get treatment at an earlier stage, improving the chances of recovery. The two universities are drafting a proposal to be submitted to the government later this month for a fund to run the Science Park laboratory.

[#Top of the Document](#)

Fish kept at Hong Kong university could hold key to finding cure for dementia, say scientists who won prestigious innovation award (SCMP, Dec. 10): Professor Wen Zilong, of Hong Kong University of Science and Technology (HKUST), said he has kept more than 30,000 genetically modified zebrafish at his laboratory because their nervous systems are similar to that of humans. By studying how the brain develops in the fish, his team of scientists have discovered how a disruption in the development of some stem cells could lead to neurodegenerative disorders, a group of illnesses that affects thousands of Hongkongers annually. Wen and his students have recently received the Croucher Innovation Award for the breakthrough. But Wen said further study would be needed before a treatment could be developed for dementia.

[#Top of the Document](#)

HK\$13 billion Hong Kong Children's Hospital starts operating limited service with inpatient wards to start opening in 2019 (SCMP, Dec. 19): Hong Kong's first children's hospital, which will focus on rare and complex cases, opened its doors on Dec. 18, but inpatient services will not commence until next year. The new hospital does not have an accident and emergency service or general outpatient clinic. Dr Lee Tsz-leung, the hospital's chief executive, said walk-in cases would not be accepted. "Patients need a doctor's referral to book follow-up appointments here. In other words, we don't offer a walk-in service," Lee said. "For example, if a child suffers from milder conditions such as flu or gastroenteritis, parents ought to take them to other hospitals or clinics, and not Hong Kong Children's Hospital."

[#Top of the Document](#)

African swine fever edges closer to Hong Kong putting authorities on alert as 11 infected pigs are destroyed just across the border in mainland China (SCMP, Dec. 20): The first cases of African swine fever have been found in pigs in the southern Chinese province of Guangdong, prompting Hong Kong authorities to crack down on meat being smuggled into the city. Eleven animals that had contracted the disease died at a slaughterhouse in Zhuhai (60km from Hong Kong), China News Service reported. There are three farms in Zhuhai that are allowed to export pigs to Hong Kong. The Hong Kong Food and Environmental Hygiene Department said it would keep monitoring the situation, and added there was no report of any African swine fever case in local farms, and there was no outbreak reported at the farms that export pigs to the city. "The Food and Environmental Hygiene Department will step up cooperation with other relevant departments to stop the illegal import of fresh meat," the department said, adding that all imported pigs were inspected at border control points before being allowed to enter the city for slaughtering.

[#Top of the Document](#)

Nearly 20 mainland Chinese pig farms cut supplies to Hong Kong and Macau as African swine fever spreads (SCMP, Dec. 26): Almost 20 mainland Chinese pig farms have suspended supplies to Hong Kong and Macau, as the African swine fever outbreak continues to spread north of the border. The mainland has reported at least 92 outbreaks of the fever – a viral infection which cannot pass to humans – at farms since it was first detected in Liaoning province in early August. Cases were reported in 23 provinces or regions, resulting in a cull of more than 630,000 pigs, according to the China News Service, a state news agency. The national General Administration of Customs revealed that 18 of 154 mainland farms that provide pigs to Hong Kong and Macau had stopped sending their animals across the border. About 3,500 to 4,000 live pigs are supplied from the mainland to Hong Kong daily. By Dec. 25 there had been no cases of the virus in the city.

[#Top of the Document](#)

Environment

Give commercial electric vehicles more support in Hong Kong, environmental advisers urge government (SCMP, Dec. 4): At a meeting of the Advisory Council on the Environment, members said the government could push harder on replacing traditional commercial vehicles – the main source of roadside pollutants – with e-CVs, which have no tailpipe emissions. Commercial vehicles, including goods trucks, buses and taxis, accounted for about 95 per cent of all vehicular emissions, including respirable suspended particulates and nitrogen oxides, despite making up just 20 per cent of the total

vehicle fleet, according to government statistics in 2016. Although the government provided tax waivers and funding to support the use of e-CVs, the Environmental Protection Department said their relatively short battery life and long charging time limited their uses.

[#Top of the Document](#)

Hong Kong uses enough water to fill 500,000 swimming pools yearly – will it ever run dry? (SCMP, Dec. 8): Authorities are working on a proposal to reclaim sewage water, part of a master plan aimed to reduce Hong Kong's freshwater usage – a pressing issue for a city that imports most its supply from the mainland. "Hong Kong is facing the challenges of climate change, [which affects water resources], and the increase in water demand due to continual population and economic growth," a Water Supplies Department spokesman tells the Post. To counter such pressures, the government is exploring harvesting other sources of freshwater, such as from reclaiming sewage and rainwater, as well as treating shower and sink water for non-potable uses such as flushing, irrigation and fountains. The aim is to reduce the city's freshwater consumption by 10 per cent by 2030. But environmental organisations and experts warn that Hong Kong, which consumes nearly a billion cubic metres of freshwater each year is moving too slowly on water conservation.

[#Top of the Document](#)

Hong Kong lacking in leadership to deal with climate change, report warns, with no dedicated authority to tackle issue, unlike Singapore, Seoul and Tokyo (SCMP, Dec. 14): Hong Kong lacks a dedicated climate change authority to spearhead and keep the subject high on the policy agenda, leading to a "dilution of leadership" despite the formation of a high-level steering committee two years ago, according to a new report. The Paris Watch – Hong Kong Climate Action Report, published by NGO CarbonCare InnoLab at a United Nations conference in Poland, said the city lacked a designated body to lead climate change policies beyond just environmental protection. "Hong Kong has no dedicated climate authority, unlike Singapore, Seoul and Tokyo," the report by the Hong Kong-based NGO read.

[#Top of the Document](#)

Industrial waste in landfills up a fifth as China-bound rubbish piles high in Hong Kong (SCMP, Dec. 24): The amount of industrial waste ending up in Hong Kong's landfills rose by a fifth last year as mainland China began shutting out waste imports from around the world, the latest official figures show. Green Earth director of environmental advocacy Hahn Chu surmised that China's curbing of waste imports had caused mainland-bound shipments of waste from all around the world to pile up in the city, on top of its own waste. "To an extent, this 20 per cent comprised the first wave of waste to enter [Hong Kong] after China shut its gates," he said. "The government failed to take early preventative measures. If it does not identify and tackle the problem at source, the impact beyond 2018 will be even greater." All waste must now be processed into clean raw material – plastics into pellets, for example – at a high cost to be allowed into the mainland. But Hong Kong does not have the capacity to do so.

[#Top of the Document](#)

Culture and education

Change to University of Hong Kong admission process welcomed by 70 per cent of school pupils ahead of final exams (SCMP, Dec. 3): A survey showed that 70 per cent of those in their final year of secondary education supported the university's decision to change its admission's process to reward excellence in a specialist subject. In the past, pupils earning top grades in one area, but poor marks in others, were often left at a disadvantage, compared to those who tested well across a range of topics. HKU's new scoring system gives more credit for excelling in a particular field, although some students were concerned that all-rounders would now be the ones at a disadvantage, and the changes would affect how students prepared for the Diploma of Secondary Education (DSE) exams.

[#Top of the Document](#)

University of Hong Kong reveals provost won two extensions amid retirement contract controversy (SCMP, Dec. 10): The University of Hong Kong HKU told the Post the rare move to prolong the career of interim provost Paul Tam until 2020 was "in the best interests of the university", but academic staff called on the institution to be more forthcoming on the decision-making process for post-retirement appointments. The policy has been called into question after renowned HKU scholars failed to secure contract renewals or were only given short-term posts. Many eventually joined other universities. Some critics have even argued that the policy might have been used to silence outspoken academics.

[#Top of the Document](#)

Hong Kong university graduates take home less pay than counterparts 30 years ago and one in six ends up in unskilled job, study finds (SCMP, Dec. 18): A degree in Hong Kong can no longer guarantee a decent income, with one in six university graduates taking on low-paid, unskilled work, a study has found. Fresh university graduates are taking home less pay than they did 30 years ago.

Researcher Chan Wai-keung, a lecturer at Polytechnic University's College of Professional and Continuing Education, attributed it partly to "degree depreciation", triggered by overexpansion in the number of university places, which in turn undermined the quality of the qualification. His study showed that more of those with university qualifications were forced to take up "unskilled jobs" such as clerk, sales assistant or assembly worker.

#Top of the Document

Society

Move to replace old Hong Kong ID cards kicks in with launch of nine registration centres across city (SCMP, Dec. 28): Hongkongers can soon replace their ID cards in a 30-minute procedure at nine centres across the city, with the launch of efforts to complete a transition to new cards with updated security features over the next four years. Replacements will be done according to the year of birth for holders. The new cards will come with updated security details such as built-in radio frequency identification (RFID) technology and higher resolution photographs to support facial recognition. The move is part of a shift to the new card which will occur over the next four years, covering about 8.8 million users.

#Top of the Document

Macau

Will US firms' Macau casino licences get politicised by US-China trade war? Don't bet on it (SCMP, Dec. 19): As the US-China trade war escalates, with all economic ties between the two countries at risk of being politicised, investment banks and fund managers are keeping a close eye on casino licences for American companies in Macau. "The US-owned Macau casinos are sitting on what could be called a geopolitical fault line," said Steve Vickers, the chief executive of Hong Kong-based specialist risk consultancy Steve Vickers & Associates. "First, one of the main Macau casinos is the largest donor to the United States Republican Party and, thus, directly to President Donald Trump's party finances. "Second, the casinos' long-term Macau concessions are being reviewed – unfortunate timing – and these key decisions as to renewals will be made in Beijing, not Macau. "Third, the arrest of the Huawei executive recently may be seen by some in the Communist Party as a personal attack on the leadership elite." If Beijing wishes to up the ante in the trade war, the US-owned casinos in Macau represent a potential target for retribution, he said.

#Top of the Document

Press articles related to Switzerland and Swiss matters

China allows UBS to take controlling stake in local securities firm (AFP, SCMP, Dec. 1): UBS has been authorised by China's securities regulator to take a controlling stake in a local business, making the Swiss giant the first foreign bank allowed to do so under new rules. Beijing in April relaxed the rules in the financial industry in a move to open up the economy. "The China Securities Regulatory Commission (CSRC) recently approved UBS AG to increase the shareholding ratio of UBS Securities Co Ltd to 51 per cent," the regulator said. "This is the first foreign-controlled securities company approved by the China Securities Regulatory Commission after the implementation of the Measures for the Administration of Foreign-invested Securities Companies." UBS AG, which currently owns about 25 per cent of shares in the UBS Securities Co joint venture, said in a statement that it would acquire stakes from China Guodian Capital Holdings and COFCO.

#Top of the Document

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