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Foreign Policy/International Relations

Taiwan and Hong Kong trade insults over robbery suspect in extradition row (SCMP, Dec. 23): Taiwan has criticised Hong Kong authorities for rejecting its request for legal help in a robbery case. But the Hong Kong government hit back in a statement which said it strongly opposed and resented the Taiwanese authorities' repeated use of irresponsible statements to attack it, knowing there was no law permitting judicial assistance and transfer of criminals between the two jurisdictions. The war of words follows written requests from Taiwan's Ministry of Justice and Mainland Affairs Council (MAC) for evidence to facilitate Taiwan's investigation into a robbery by a Taiwanese citizen.

Britain urges China to ensure Hong Kong's freedoms on joint declaration anniversary amidst protest turmoil (SCMP, Dec. 19): Britain's foreign secretary has urged Beijing to ensure Hong Kong's freedom of expression and independent judiciary on the 35th anniversary of the Sino-British Joint Declaration. Dominic Raab's statement reaffirmed Britain's view that the declaration – which transferred the ex-colony to China in 1997 – is “a legally-binding international treaty that remains in force today”, since its registration with the United Nations in 1985. The anniversary is largely overlooked in China, which has insisted the joint declaration is no longer valid since Hong Kong's handover.

China launches PR blitz to combat ‘foreign interference’ in Hong Kong (SCMP, Dec. 12): China's diplomats around the world are waging an increasingly assertive public relations campaign to counter growing international criticism over its handling of the unrest in Hong Kong. Diplomatic and political pundits believe the heightened activism among Chinese envoys underlines an overriding priority to prevent further internationalisation of what Beijing insists is an internal issue, in the wake of Washington's support for the city's anti-government protesters. Hong Kong protesters have been campaigning for other countries to follow Washington's lead and pass similar (human rights) bills in support of their cause.

US law on Hong Kong ‘completely unnecessary’ and will risk backfiring on more than 1,300 American firms in city, Carrie Lam says (SCMP, Dec. 3): Hong Kong's leader Carrie Lam has slammed a “completely unnecessary” US law that could pave the way for economic sanctions against the government and warned it risks backfiring on more than 1,300 American firms based in the city. She said she had noted Beijing hitting back at the US over the act, announcing it would suspend visits of US military vessels and aircraft to Hong Kong and sanctioning various NGOs. She said her government would follow up on the sanctions announced.

Mainland Relation

PLA's HK garrison holds joint drill in city's harbour in ‘message to radical protesters’ (SCMP, Dec. 31): The PLA's Hong Kong garrison has carried out a joint air and sea exercise in and above the city's harbour. The PLA's Hong Kong garrison said in a statement that it was “a routine exercise”. But military analysts said the drill aimed to send a message to radical protesters in the city, which has seen nearly seven months of unrest triggered by a now-withdrawn extradition bill.

Did Beijing send five Hong Kong civil servants to UN as an olive branch to city's youth in hope of quelling protests? (SCMP, Dec. 24): Five young Hong Kong civil servants have been recommended by Beijing to take up positions in the United Nations from next month, in a move seen as a softer approach by the central government to embrace the city's youth and give them global exposure amid the ongoing social unrest. Xie Feng, commissioner of China's Ministry of Foreign Affairs office, said that radical protesters were only in the minority and did not represent the entire younger generation in the city.

Xi Jinping seen as indirectly lecturing Hong Kong as he tells Macau residents to make ‘positive voices’ heard and resolve problems with rationality (SCMP, Dec. 19): China's President Xi Jinping was seen as indirectly lecturing Hong Kong as he praises Macao's residents for putting their love of the country and Macau before the core values of democracy, rule of law, human rights and freedom. Although he makes no mention of Hong Kong, his remarks are again seen as rebuke of Hong Kong, rocked by protests since June. Analysts said it was clear Xi was deliberately contrasting his strong approval of Macau with his silent disapproval of Hong Kong.

Dialogue with Beijing key to solve Hong Kong's ongoing crisis, tycoon Lau Ming-wai says (SCMP, Dec. 19): Tycoon Lau Ming-wai, the vice-chairman of the Youth Development Commission, said the ongoing unrest could not be resolved just by talks between the local people and the city's government, even though citizens aired their grievances against the local administration. “This dialogue and feedback should include the state,” Lau said. He said there had virtually been no meaningful dialogue between Hong Kong and Beijing over the past few years.

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Beijing's signal to Hong Kong: learn from Macau, and it starts with having 'patriots' in charge (SCMP, Dec. 4): National People's Congress chairman Li Zhanshu had described Macau as a role model for implementing the "one country, two systems" principle that also applies in Hong Kong. The lessons for Hong Kong from Macau, analysts said, included ensuring the right people were in charge and implementing a national security law which Beijing considers critical. Macau introduced its own national security law 10 years ago to implement Article 23 of its Basic Law. The Hong Kong government, on the other hand, backed down from putting Article 23 of the city's Basic Law in place after 500,000 people took to the streets to protest against it on July 1, 2003.

Domestic Policy/Politics

Advisers to Hong Kong's leader considered collective resignation over ongoing protests, Executive Council member Regina Ip reveals (SCMP, Dec. 30): Regina Ip, an executive councillor, revealed that members of Executive Council had considered resigning en masse amid the ongoing anti-government protests, but the idea was rejected by the chief executive Carrie Lam who said they only played a minor role in the political crisis. Political commentator Johnny Lau, however, said collective resignation by Exco members would not quell public anger. "It will absolutely not help. It might help a little if Chief Executive Carrie Lam resigns," Lau said.

Hong Kong teen who fired at police was part of gang that planned to 'slaughter' officers during protest rally, court hears (SCMP, Dec. 24): A Hong Kong man who shot a live round at police on Dec. 20 was part of a syndicate that planned to "slaughter" members of the force during an anti-government rally earlier this month, a court was told. Prosecutors said he had shot at an officer with intent to resist lawful apprehension and unlawfully possessed a pistol, a rifle, 44 pistol bullets and 211 rifle bullets stored in nine magazines.

National security law in Hong Kong unlikely any time soon despite Beijing's renewed calls, say political veterans (SCMP, Dec. 23): Beijing loyalists Lau Siu-kai and Tam Yiu-chung voiced their thoughts after Wang Zhenmin, former legal chief of the central government's liaison office in Hong Kong, said the city must not delay the legislation of Article 23 (national security law) of the Basic Law. The Hong Kong government will not have the political energy to legislate the controversial national security law in the next few years despite renewed calls from Beijing, according to Lau and Tam. Beijing would have other means – such as applying national laws in Hong Kong or interpreting the Basic Law – if the situation got worse, Lau said.

Invoke Legco powers to investigate Hong Kong police action over protests? No, says pro-Beijing lawmakers who vote down bid by opposition (SCMP, Dec. 20): Pro-establishment lawmakers in Hong Kong blocked a proposal by the opposition to invoke special legislative powers to investigate alleged brutality in police's handling of protests, saying it was "inappropriate" to single out the force. But a member of the camp Liberal Party offered a public apology for allowing the administration to press ahead with the hated extradition bill before it was suspended in June.

Police freeze HK\$70 million raised by Spark Alliance for Hong Kong protesters, with group suspected of using money for personal gain and rewards (SCMP, Dec. 20): Police have frozen about HK\$70 million (US\$9 million) raised by activists to support Hong Kong's anti-government protesters and arrested four people for money laundering. Officers suspect the funds were used for personal gain and other illegal activities, including participation rewards for young demonstrators. But veteran criminal defence lawyer Christopher Morley said such arrests on the grounds of money laundering might be a "bit of a stretch".

Hong Kong lawmakers lose seats after Court of Final Appeal upholds ruling invalidating their elections to Legislative Council (SCMP, Dec. 18): The Court of Final Appeal upheld the decision that Au Nok-hin and Gary Fan were not duly elected because of a bungled disqualification of two other pro-democracy candidates ahead of the contest. The court ruling has left the total number of lawmakers in Legco at 67, with pan-democrats holding 23 seats. But lawmakers from rivaling camps agreed that the power balance remained the same, with pan-democrats in the minority.

Overseas experts advising police watchdog on Hong Kong protests quit their jobs as disagreement over powers remains unresolved (SCMP, Dec. 11): The five-member International Expert Panel, convened by the Independent Police Complaints Council (IPCC), have abruptly decided to "stand aside" from an ongoing investigation into the force's handling of months of anti-government protests and raising further concerns about the credibility of the review. Opposition pan-democratic lawmakers likened it to a vote of no-confidence in any report the IPCC might come up with.

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After half a year of anti-government unrest, '800,000 marchers' take to Hong Kong streets (SCMP, Dec. 8): Hundreds of thousands flooded Hong Kong's commercial heart to mark six months of their fight against the government, saying that while city residents had become more united and won international support, officials still failed to meet their demands for greater democracy and accountability. Organiser the Civil Human Rights Front estimated 800,000 people marched from Causeway Bay to Central. Police said turnout peaked at 183,000.

Economy/Finance

Hong Kong economy contracted 1.9 per cent in 2019, IMF forecasts (SCMP, Dec. 31): Hong Kong's economy is expected to contract 1.9 per cent this year, the International Monetary Fund IMF said, worse than the government's earlier forecast of a 1.3 per cent decline. "Economic activity in Hong Kong weakened significantly in 2019 as rising trade tensions between the US and China and heightened uncertainty took a toll on exports and investment while private consumption and visitor arrivals have declined due to the social unrest that started over the summer," the IMF said. The IMF forecast the city would see gross domestic product growth of 0.2 per cent in 2020, led by private consumption.

Hong Kong's top officials promise raft of economic measures in new year (SCMP, Dec. 30): More measures would be rolled out next month and in the coming budget address to help Hong Kong businesses survive the economic downturn, top ministers Matthew Cheung, Paul Chan and Edward Yau said as they warned of challenges in the new year. To ease the pressure on the public and small and medium-sized enterprises, the finance chief Paul Chan said the theme of the coming budget address in February would be on "supporting enterprises, safeguarding jobs, revitalising the economy and easing poverty".

Hong Kong beats Nasdaq to IPO crown (SCMP, Dec. 27): Hong Kong has again taken the crown as the world's largest initial public offering market worldwide. The mega listing of Alibaba Group Holding in November pushed it to the top of the league for the seventh times in 11 years. Some 144 companies have raised US\$40 billion on the main board of the Hong Kong stock exchange this year, as of December 26, 8.7 per cent higher than the US\$36.8 billion raised in 2018.

Hong Kong faces gloomy and uncertain economic future, say two of city's senior officials (SCMP, Dec. 23): Shrinking growth, more job losses, and companies moving their activities elsewhere as social unrest and the US-China trade war continue to take their toll – that is the gloomy prediction for the new year from Executive Council Convenor Bernard Chan and Secretary for Commerce and Economic Development Edward Yau. "I can see these two cyclones hitting us – one is the trade war which is easing at least, but the local unrest, we need to tackle it by ourselves; the Hong Kong government and the wider community," Yau said.

Hong Kong exports to shrink 2 per cent in 2020, in second straight year of contraction, Trade Development Council forecasts (SCMP, Dec. 19): Hong Kong's exports will shrink by a further 2 per cent in 2020, according to the latest forecast by the Trade Development Council. In terms of the city's total exports, the US market was the worst hit in the first 10 months of 2019, falling 13.2 per cent year on year, with a total value of HK\$258 billion (US\$33 billion). Exports to China fell 6 per cent in the same period, to HK\$1.798 trillion. "The proliferation of protectionism into broader economic and geopolitical arenas suggests a growing risk of a deep and protracted global slowdown," Nicholas Kwan, director of research at the Trade Development Council, said.

Jobless rate surges amid forecast it'll get worse (The Standard, Dec. 18): The overall unemployment rate increased to 3.2 percent in the quarter ended November 30, compared with 3.1 percent from August to October this year, government data showed. The food and beverage sector saw an eight-year high of 6.2 percent amid expectations it would even get worse after the holiday season. The jobless rate in the consumption and tourism-related sector, which includes retail, accommodations and food services, rose to a three-year high of 5.2 percent in the September-to-November period.

US-China trade breakthrough 'could signal the worst is over' for Hong Kong, says commerce chief Edward Yau (SCMP, Dec. 14): Trade war breakthrough between China and the US could mean the saga is bottoming out, signalling a more positive economic outlook for Hong Kong, the city's commerce minister Edward Yau said. He noted that the dispute – nearly 18 months in – had harmed trade, slowing GDP growth. Chief Secretary Matthew Cheung said Hong Kong would benefit from a deal, but cautioned that would depend on the implementation. Local businesspeople and union leaders echoed the sentiment.

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Hong Kong budget deficit ‘unavoidable’ for two years, finance chief Paul Chan says (SCMP, Dec. 8): Hong Kong will be in the red for two budgets in a row, the financial secretary Paul Chan said. He said it was too early to say whether the deficits would persist in the longer term as he revealed the anti-government protests – estimated to have cost the city 2 percentage points in gross domestic product – were hitting the economy far harder than external factors. But he said there was no need to worry if the deficit figure only amounted to 2 to 3 per cent of GDP.

Government announces fourth wave of relief measures worth about HK\$4 billion, including tax instalment plan and subsidies for small firms (SCMP, Dec. 5): Companies and individuals in Hong Kong can now pay their taxes in instalments while small firms will get subsidies for their utility bills as the government unveils its latest relief measures worth about HK\$4 billion (US\$512 million) to help them cope with the onset of recession. The new measures are on top of more than HK\$21 billion in sweeteners the government has unveiled over the past four months.

Hong Kong anti-government protests bring biggest retail slump on record (SCMP, Dec. 3): The Census and Statistics Department disclosed that retail sales plunged 24.3 per cent to HK\$30.1 billion (US\$3.86 billion) in October, year on year. For the first 10 months, the decline was 9 per cent against the same period last year. A government spokesman said it was the largest year-on-year decline for a single month on record, saying the protests had soured consumer sentiment and severely disrupted tourism.

Technology/Innovation

Hong Kong, Thailand to roll out two-tier tokens in digital currency prototype to speed up cross-border trade settlement (SCMP, Dec. 5): The monetary authorities of Hong Kong and Thailand are poised to roll out a two-tier digital token, part of the process for creating a prototype for cross-border fund transfers between the two economies using financial technology. Using blockchain, the HK Monetary Authority's cross-border payment platform enables companies in both Hong Kong and Thailand to settle wholesale payment with each other directly, as the blockchain technology overcomes the shortcomings with the existing correspondent banking model.

Special Focus

Chinese President Xi Jinping heaps praise on Macau, citing progress and patriotism (SCMP, Dec. 20): To mark the 20th anniversary of Macau's return from Portuguese to Chinese rule, President Xi Jinping praised Macau for successfully implementing Beijing's "one country, two systems" principle, paying tribute to the city's people for what he said was their patriotism and concern for the national interest. Speaking at the city government's inauguration ceremony after overseeing the swearing-in of Chief Executive Ho Iat-seng, Xi also warned against any foreign interference there or in Hong Kong, saying it would not be tolerated. The president's statements were likely to be taken as a rebuke to Hong Kong, scene of six months of anti-government protests which Beijing has repeatedly denounced as a challenge to one country, two systems. Among the 10 key officials in Ho's incoming administration, five were born and raised in mainland China.

China's leaders praise Hong Kong's Carrie Lam over handling of protest crisis, but remind her she has yet to quell violence (SCMP, Dec. 17): President Xi Jinping and Premier Li Keqiang assured Hong Kong's embattled Chief Executive Carrie Lam of their full support as they praised her courage and commitment in the face of relentless anti-government protests, but also reminded her that she had yet to accomplish her most pressing task – ending the violence that has gripped the city for more than half a year. Xi also expressed strong support for the city's beleaguered police force to firmly enforce the law, and urged other sectors to do their part as well. Lau Siu-kai, vice-chairman of the Chinese Association of Hong Kong and Macau Studies, said the top leaders' latest remarks signalled the unlikelihood of the government meeting protesters' remaining demands for an independent investigation into the police's handling of the protests, amnesty for those arrested and the implementation of universal suffrage.

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