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Switzerland in the local press

Hong Kong drops to the 5th in IMD economic competitiveness report (SCMP, June 16): Singapore topped the IMD World Competitiveness Centre's list for the second year in a row – followed by Denmark, **Switzerland** and the Netherlands. Hong Kong has stumbled three places but still earned a fifth-place finish despite a slump in local economic performance and the months-long anti-government movement. Chinese University economist Terence Chong said the city's future rankings would depend on whether the local economy could rebound after the Covid-19 pandemic and attract investors. "We also have to see if the US will sanction Hong Kong or China. On the effects of the national security law, it will depend on whether the city becomes unstable after the legislation," he said.

Foreign Policy/International Relations

US ends exports of defence equipment and restricts dual-use tech to HK (SCMP, June 30): The United States will stop exporting defence equipment to Hong Kong because of Beijing's pending implementation of a national security law, US Secretary of State Mike Pompeo announced. "We can no longer distinguish between the export of controlled items to Hong Kong or to mainland China", he said. Previously, Hong Kong had enjoyed special privileges that allowed it to import American defence equipment that Beijing did not have. It was also able to import dual-use technologies without the licences required when the same items were sold to mainland China.

Beijing slaps visa restrictions on US officials who 'meddle' in HK affairs (SCMP, June 29): Beijing has announced visa restrictions on United States officials who have "behaved extremely badly" over Hong Kong. The announcement of Beijing's new restrictions on American officials came just days after Washington announced a ban on visas for Chinese officials who undermined Hong Kong's semi-autonomous status. Foreign ministry spokesman Zhao Lijian said any efforts by the US to hinder Beijing's introduction of the national security law in Hong Kong were "doomed to fail".

Hong Kong slams US' Autonomy Act (SCMP, June 27): The Hong Kong government has slammed new US legislation that is paving the way for targeted sanctions against Beijing and Hong Kong officials. A government spokesman said the Hong Kong Autonomy Act, passed unanimously by the United States Senate as a response to Beijing's planned national security law for the city, was "totally unacceptable" and that Congress' criticism of local affairs was "seriously misleading and absolutely unfounded". "Any 'sanctions' imposed under the act will not create an obligation for financial institutions under Hong Kong law," the spokesman said.

European Union leaders urge Xi Jinping to drop Hong Kong national security law, or risk 'negative consequences' (SCMP, June 23): "The national security law risks seriously undermining the 'one country, two systems' principle," European Commission President Ursula von der Leyen said after the EU-China summit. "We also conveyed that China risks very negative consequences if it goes forward with imposing this law. The European Union is in touch with our G7 [Group of Seven] partners on this, and we have made our position very clear to the Chinese leadership today and urge them to reconsider," she said.

US-China talks 'constructive', but both sides stick to guns over key disputes (SCMP, June 19): China has agreed at a high-level meeting with the United States to work together on improving a relationship that has hit rock bottom, but despite the "constructive" talks, both sides stuck to their guns over key disputes, with the Chinese doubling down on a national security law for Hong Kong. At their meeting in Hawaii, State leader Yang Jiechi told US Secretary of State Mike Pompeo that Beijing was determined to push ahead with the legislation in Hong Kong, regardless of Washington's stiff opposition. Yang objected to US interference in Hong Kong affairs, as well as a statement by G7 foreign ministers urging Beijing not to impose the new law.

Group of Seven countries urge China to reconsider national security law (SCMP, June 18): China has come under mounting pressure to scrap its plan to launch a national security law in Hong Kong, with all foreign ministers of the Group of Seven (G7) countries issuing a rare joint statement. "We strongly urge the government of China to reconsider this decision," the statement read. The seven foreign ministers, alongside EU's top diplomat, expressed "grave concern regarding China's decision to impose a national security law on Hong Kong". China's decision "is not in conformity with" Hong Kong's Basic Law and its international commitments under the principles of the "legally binding, UN-registered" Sino-British Joint Declaration, the foreign ministers said.

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Beijing hits back after Boris Johnson promises to relax British visa rules for Hongkongers (SCMP, June 4): Britain should relinquish its colonial and Cold War mentality, China said after British Prime Minister Boris Johnson promised to overhaul his country's visa system for Hongkongers if Beijing pushes ahead with plans for a national security law for the city. Critics of the NPC decision say Beijing's move contravenes the terms of the Sino-British Joint Declaration signed in 1984 ahead of the city's return to China in 1997. London regards the declaration as an international treaty, but Beijing has said repeatedly that it no longer has meaning and does not give Britain the right to interfere in Hong Kong affairs. British Foreign Secretary Dominic Raab said Britain had been discussing "burden sharing" with the United States, Australia, Canada and New Zealand to handle a possible exodus of Hongkongers.

Mainland Relation

China backs Hong Kong's status as financial hub (SCMP, June 18): Vice-Premier Liu He said that Beijing "will adhere to the policy of 'one country, two systems', and give support to Hong Kong as it plays the role of an international financial centre". "We will ensure that the interests of foreign investors in Hong Kong will be protected and Hong Kong's long-term prosperity can be achieved," Liu told the Lujiazui Forum in Shanghai. Guo Shuqing, chairman of the China Banking and Insurance Regulatory Commission, said at the forum that China's efforts to boost Shanghai's future as an international financial centre would not come at the expense of Hong Kong.

National security law for Hong Kong to boost 'one country, two systems' and ensure freedoms beyond 2047 (SCMP, June 9): The new security law was enlarging the space for the one country, two systems principle and this in turn would ensure the country's leadership would support it being continued beyond 2047, when the model was due to expire, said Zhang Xiaoming, deputy director of the Hong Kong and Macau Affairs Office. Zhang said the stronger the commitment to national security, the more room there would be for the one country, two systems principle. He also identified Hong Kong's problems as being "political" in nature rather than economic, housing, employment and youth mobility, a rare admission by a top Chinese official.

Beijing has heard opinion of Hong Kong people and remains 'very firm' on national security law for city, Carrie Lam says after visit (SCMP, June 3): China's leadership has heard the opinion of Hong Kong's people on a tailor-made national security law for the city, and the central government remains determined to go ahead for the sake of national sovereignty as well as stability. That was the message Chief Executive Carrie Lam had for the city at the end of her visit to Beijing, where she and her key legal and security officials met Vice-Premier Han Zheng. Han had reiterated the new law would only target "a small minority" of criminals in Hong Kong, Lam said.

Domestic Policy/Politics

Activists plan to defy police ban on July 1 protest march (SCMP, June 30): Political activists have said they plan to disobey the police ban on the July 1 march and will use civil disobedience to protest against Beijing's new national security law for the city. In rejecting the application for the protest march, police cited public health risks arising from the coronavirus pandemic and the record of violence at past rallies. Police source said the force expected protesters to ignore the ban on marching, and warned that officers would act swiftly and early to deter protesters from gathering in various districts.

Leader Carrie Lam vows not to hand-pick judges for cases brought under new legislation (SCMP, June 24): Leader Carrie Lam promised not to hand-pick individual judges to oversee specific national security law cases, saying she would instead draw up a list after consulting the city's chief justice. Her remarks came after Andrew Li, the city's first post-handover chief justice, said giving the chief executive the power to pick national security judges would be "detrimental to the independence of the judiciary". The Bar Association, the city's professional body for barristers, called Lam's power "unprecedented", saying it "impairs justice and fairness" of the judicial process.

Official drops hints that election candidates could be barred for opposing new legislation (SCMP, June 17): Secretary for Constitutional and Mainland Affairs Erick Tsang has dropped the biggest hint yet that candidates who oppose the national security law Beijing is crafting for the city could be barred from running in upcoming polls for the legislature. Tsang also said it was up to returning officers – civil servants drafted in from the Home Affairs Bureau – to decide whether applicants were valid. The court disqualified six lawmakers elected in 2016 over improper oath-taking during their swearing-in ceremony. Candidates were barred from a by-election in 2018 as the returning officer said they had not genuinely changed their previous position of advocating self-determination for Hong Kong.

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Allow public gatherings of up to 50 people and scrap patron limits on restaurants (SCMP, June 16): Hong Kong will ease social-distancing measures on June 19, allowing public gatherings of up to 50 people and the resumption of wedding banquets as the city keeps a lid on coronavirus infections. The government also announced that Ocean Park and Disneyland, would reopen, while conventions and trade shows would return in July, with the popular Hong Kong Book Fair leading the way.

Legislature passes national anthem law amid opposition lawmaker protest (SCMP, June 5): Legislature passed the contentious national anthem bill, outlawing insults against March of the Volunteers, despite attempts by opposition lawmakers to disrupt proceedings. Under the bill, anyone found guilty of misusing or insulting the national anthem could be fined up to HK\$50,000 (US\$6,450) and jailed for three years. Secretary for Constitutional and Mainland Affairs Erick Tsang said the government would gazette the law on June 12 and reassured the public that the city's freedoms would not be undermined.

Tiananmen vigil in Hong Kong draws thousands despite coronavirus-related ban (SCMP, June 5): Thousands flooded Hong Kong's Victoria Park for the annual candlelight vigil to mark the anniversary of the 1989 Tiananmen Square crackdown, defying a ban on the mass gathering imposed by the police on health protection grounds. It was also the first time in 30 years that the Alliance in Support of Patriotic Democratic Movements of China had been barred by the authorities from holding the annual event in Victoria Park.

Economy/Finance

Thailand and Hong Kong to open talks on setting up 'travel bubble' (SCMP, June 30): Thailand and Hong Kong Governments aim to create a corridor to revive business and tourism links between the two destinations. The Hong Kong government welcomed the move, saying discussions with the Thai authorities would start within the next fortnight. "If the special relaxation arrangements for cross-border control can be established between the two places, cross-boundary business exchange can be gradually resumed for Hong Kong, which is set to give a tremendous boost to our economic recovery," commerce minister Edward Yau said.

China loosens rules on fund flows between Greater Bay Area cities (SCMP, June 29): China's government will loosen the rules on two-way fund flows between nine cities in the nation's southern Guangdong province with Hong Kong and Macau. The new plan, dubbed Wealth Management Connect, will allow residents of Hong Kong and Macau to buy wealth management products sold by mainland Chinese banks located throughout the Greater Bay Area (GBA). Residents of the nine Guangdong provincial cities in the GBA can tap wealth products sold by financial institutions in Hong Kong and Macau.

Could Singapore take Hong Kong's finance crown? It's keeping mum (SCMP, June 28): Singapore has been clear it does not want to be seen as taking advantage of Hong Kong's political turmoil. Yet its similar tax rates, lower rents and safe streets are likely to appeal to any businesses that do decide to relocate. While there have been no signs of an exodus from Hong Kong, bankers and business professionals in Singapore say there have been inquiries from wealthy investors seeking to move more money there and firms mulling over an expansion or relocation of their operation. TMF Group, a professional services firm, said: "In the long term, Singapore will continue to attract businesses, but we do not see it as being locked in a zero-sum, win-lose relationship with Hong Kong. They are both attractive business hubs."

National security law: foreign firms look at plan B (SCMP, June 23): A number of foreign firms in Hong Kong are drawing up contingency plans, such as relocating some operations, as protection against any investment repercussions from the impending national security law, industry insiders say. Their concerns centred on whether the law being drawn up by Beijing would restrict the free flow of information in the city and hamper business development, Lento Yip, chairman of the Hong Kong Internet Service Providers Association, said. The American Chamber of Commerce in Hong Kong (AmCham) found in a recent survey that 30 per cent of 180 members had plans to move capital, assets or operations from the city.

Unemployment hits 15-year high, with 5.9 per cent out of work (SCMP, June 16): Unemployment rate has climbed to its highest level in 15 years, hitting 5.9 per cent, although the rate of increase is slowing. The jobless rate has climbed for eight straight months as the coronavirus pummels the economy deeper into recession following months of social unrest. Secretary for Labour and Welfare Law Chi-kwong warned it would take time for Hong Kong's economy to return to normal, even with the local Covid-19 situation improving.

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Over 30,000 companies enjoy six-month repayment holiday on HK\$380 billion in loans under HKMA scheme to help them survive economic slump (SCMP, June 11): Banks have so far granted about 30,000 companies a six-month repayment holiday for a combined HK\$380 billion (US\$49.03 billion) in loans to help them cope with the dire economic slump, according to Hong Kong Monetary Authority. All SMEs with an annual turnover of HK\$800 million or below can enjoy the break. This qualification covers 80 per cent of corporate borrowers in Hong Kong.

Government's rescue of Cathay Pacific seen as win for both sides (SCMP, June 10): The Hong Kong government's rescue of Cathay Pacific is a win for both sides, sending a reassuring signal to the markets about the future of the airline and the city's aviation sector during the Covid-19 pandemic. Under the deal, the government will pump HK\$27.3 billion (US\$3.52 billion) into the airline as part of a larger HK\$39 billion recapitalisation effort, in exchange for 6.08 per cent of shares. Capital infusion signals strong confidence in city's status as aviation hub, according to experts.

Protest-wracked Hong Kong still world's priciest housing market in 2019 (SCMP, June 9): In the sixth edition of the Global Living 2020 report, Hong Kong topped 38 other cities, with average prices of homes at US\$1.25 million during 2019. Hong Kong was also the third most expensive place to rent a home. CBRE and Savills see Hong Kong staying at the top of the table, despite the coronavirus and the recent re-emergence of anti-government street rallies.

Hong Kong unlikely to lose edge as global hub despite China's plan to turn Hainan into free trade port, business chiefs and industry experts say (SCMP, June 4): Hong Kong's long-standing status as an international trading centre and aviation hub will not be lost easily despite a plan by China to turn Hainan province into a free trade port with lucrative tax incentives and preferential treatment, industry leaders and observers say. Dr Vic Li said Hainan did not seem to have the market readiness or policy incentives to draw away capital flows which were now destined for, or going through, Hong Kong.

Macao

Travel bubble plan for Hong Kong, Macau and Guangdong province stalls over technical issues (SCMP, June 24): Hong Kong's plan to form a travel bubble with Macau and neighbouring Guangdong province on mainland China has stalled over technical issues. Under the plan, Hong Kong residents with a valid health certificate stating they are free of the coronavirus would be exempt from mandatory quarantine when travelling to the province and the casino hub. Chief Executive Carrie Lam said: "There are certain technical issues to overcome and [considerations on] the number of people allowed to cross the border every day." The Hong Kong side hoped to implement the travel bubble "as soon as possible", she added, but challenges remained.

Special Focus

HK national security law unanimously passed by Beijing, effective on July 1 (SCMP, June 30): Beijing's top legislative body has unanimously passed a sweeping national security law for Hong Kong prohibiting acts of secession, subversion, terrorism and collusion with foreign forces to endanger national security. The law, approved by the National People's Congress Standing Committee, is expected to carry a maximum penalty of life in jail, contrary to earlier indications of a 10-year limit. Only a handful of Hong Kong delegates to the national legislature saw a draft of the law before its passage, a major point of contention, with many in the city decrying the lack of transparency given the legislation's far-reaching consequences. The law is expected to come into effect on July 1. The new law for Hong Kong will be overseen by a commission led by the chief executive and supervised by Beijing, according to state media. The city's leader would have the right to appoint former or incumbent judges. While Hong Kong would be in charge of the enforcement of the law, Beijing retained the right to overrule the city on certain rare cases.

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