

Introduction

On the political front the campaign for the September elections is in full swing with registration of candidates and voters. For the moment the debate among the various contenders has lost in acrimony as they all want to appear reasonable to the voters. All the economic indicators remain positive.

Domestic Politics

Hong Kong chief of health quits: The Secretary for Health resigned along with several other officials amid SARS furore following a legislative report noting that he did not show sufficient alertness when the disease was spreading rapidly throughout nearby Guangdong Province in January 2003.

Beijing knows best: During the last session of the current legislature the Chief Executive advised parliamentarians to look at Beijing's point of view and to understand how HK's development may affect the interests of the country and the safety and well being of mainland compatriots. While the policy gulf between parties remain the same, the session lacked the vitriol of past exchanges.

For a well known Chinese University professor, member of Article 45 Concern Group, politics in HK has become a house of mirrors full of distorted and confusing images. So far lots of talk has been followed by little substance and Democrats are still excluded from the real process of decision making.

Election fever: All parties are preparing for the September elections and registration of candidates and voters is in full swing. Democrats face tough fights in LEGCO polls and it appears that safe victory is assured in just half the geographical constituency seats. In that context Anson Chan declared that the city needs better political parties and urged Hongkongers to prepare for universal suffrage after 2008 in agreement with Beijing.

ICAC raids: ICAC (Independent Commission against Corruption) staged high profile raids on newspaper offices as part of an investigation into the leaking of a protected witness' name. A lawyer was also arrested. Several papers protested against this intimidatory operation describing it as cow boy tactics and a danger against freedom of press.

International Affairs

Beijing envoy slams US policy on Taiwan and HK: In a rare news conference the Chinese Embassy spokesman in Washington declared his country was gravely concerned that US policy on Taiwan and HK will undermine progress on US-China relations. He added that Chinese officials appear to believe that US policies on human rights, democracy, Hong Kong and other issues « added up » to a policy aimed at regime change in Beijing.

Critical British government report: According to an official report of the Foreign Office Beijing's intervention over HK's universal suffrage is inconsistent with the high degree of autonomy guaranteed to the city under the Sino-British Joint Declaration. The report adds that Beijing has eroded HK's autonomy but lauds moves to talk with pro-democracy lawmakers. The Chinese foreign ministry expressed strong dissatisfaction and resolutely opposed the improper comments made by the British government. The Chinese commissioner in HK personally rejected the report and criticised as groundless the comments of his British colleague who had said in a BBC interview: «Beijing intervened pretty directly on its own initiative and kind of set out some ground rules about what they were prepared to tolerate or not tolerate. We were rather concerned about that because it is not very autonomous if you are told what you can do and what you cannot do.»

Human Rights and Legal Affairs

Debate on gay rights: Government officials are intending to formally reopen the debate on gay rights, a positive development which will eventually lead to the required legislation be put in place. Some observers have noted the cautious official approach on the issue reminiscent of the snail-like progress of moves to bring in laws against racial discrimination.

Falungong case appeal: an editorial noted the unusually long delay in treating the pending appeal in the Falungong in which several Swiss citizens are involved. This delay was mentioned in the British report on HK.

Threat against freedom of press: Following ICAC press raids the Committee to Protect Journalists expressed its concern and the International Federation of Journalists wrote a letter to the Chief Executive condemning the raids and calling on him to protect journalists' rights. US authorities also voiced their concern.

Transborder Affairs

Pan-Pearl River Delta Region: Guangdong is drafting an agreement to demolish trade barriers among the nine provinces that make up the pan-Pearl River Delta regional economic co-operation grouping. The deal does not include HK or Macau, which are separate customs areas.

Dispute over shipping channel: Despite the exchange of co-operation vows between Hong Kong and Shenzhen, a plan for dredging a shipping channel to Shenzhen through Hong Kong waters makes waves.

Shenzhen officials have been grumbling that Hong Kong is stalling the project, which is perceived as a potential threat to the city's status as a sea logistics hub. This "lose-lose" situation could force Shenzhen to change its channel alignment and cause more environmental damage to the Pearl River Delta estuary.

Power Shortage: Guangdong's worsening power shortage is starting to strangle business at HK-owned manufacturing operations. In a talk organised by the American chamber of Commerce in HK, entitled "Power Panic in the Pearl River Delta", it was seen little hope the problem could be alleviated this year. Many of factories owned by HK companies had been forced to halt production several days per week.

Worker Shortage: Guangdong and the Pearl River delta are facing a shortage of at least 2 million workers as migrant labour moves to better paying jobs in the Yangtze River Delta. Taken inflation into account, wages in Guangdong have changed little over the past 10 years. Particularly affected are shoes, fashion, electronics, hardware and food factories.

Closer Economic Partnership Arrangement (CEPA): The CEPA has produced a rise in job openings for Hong Kong professionals in Shanghai (up 12%) and the Yangtze River Delta, a survey by Lingnan University and the HK Professionals and Executives Association showed.

Mainland church counters negative image: The official Protestant Church of the mainland is staging an exhibit on religious freedom in HK to counter negative publicity on its record.

Economy

Economic Growth: Researchers at Hong Kong University said local economy was growing by an estimated 11.2% in the second quarter of this year over the same period last year. It is believed that the city's recovery was sustainable.

Deflation stopped: Hong Kong's five-plus years of deflation appear to have ended after government data showed prices in June were virtually unchanged from a year ago. The composite Consumer Price Index, which measures the cost of a basket of commonly used goods and services, fell 0.1 per cent last month, the smallest decline since the city slipped into deflation in November 1998.

Unemployment Rate: HK's Jobless rate fell to its lowest level in two years, bolstered by an increase of service-sector jobs generated by an influx of Chinese tourists. The unemployment rate fell to 6.9 % in the period from April to June, from 7% in the period from March through May.

Goods and Service Tax: 22 trade associations and more than 100 companies launched the Coalition Against Sales Tax, which is opposing the proposed introduction of a goods and services tax. It said that a sales tax will affect the propensity of foreign investors and tourists to invest and spend in HK.

HK\$ 20 million bond offering: The sale of a HK\$20 billion debt issue will help fund the territory's HK\$ 40 billion budget deficit. The sale comes as the China-Hong Kong global bond market is at its busiest in years. According to Financial Secretary Henry Tang, the response from institutional and retail investors had been good. A market source said, the central government has invested in the bond offering slightly more than \$1 billion or just over 5% of the total debt offering.

Employee Training Programmes: HK companies have doubled their budgets for employee training programmes this year in the field of communication skills, general computer skills, spoken English, interpersonal skills and written English as well as Putonghua skills.

Economic Freedom: Even though HK is experiencing political difficulties, it retains the highest rating for economic freedom according to an international survey produced by Cato Institute, a Washington think tank. The "Economic Freedom of the World: 2004 Annual Report" shows Singapore ranked 2nd while the U.S., New Zealand, Switzerland and Britain are ranked 3rd. The survey says the key ingredients of economic freedom are personal choice, voluntary exchange, freedom to compete and protection of person and property.

Varia

Terrorist threat against HK shipping companies : Police has urged calm over terrorist threat to shipping after threat of an Islamic group to attack ships from places including HK who carry military supplies to US in Irak.

Press articles related Switzerland

Hong Kong Standard, Weekend Standard, 26-27.06.04: Credit Suisse announced Oswald Gruebel will become sole chief executive after co-chief executive John Mack "agreed with the board of directors not to renew his contract". Gruebel and Mack managed to achieve a turnaround in 2003, reporting net income of 5.21 billion Swiss Francs compared with a 2002 loss of 3.3 billion. Credit Suisse said it would "explore all options for capturing the value" of its Winterthur insurance business, which Muehleemann bought in 1997.

350.0-BFR/SMQ

Disclaimer

This is a review of the Hong Kong media and does not necessarily represent the opinion of the Consulate General of Switzerland. The Consulate General of Switzerland in Hong Kong does not bear any responsibility for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which might be incomplete or incorrect, will therefore be rejected.