

## Introduction

Donald Tsang is elected as Chief Executive... no surprise.

## Domestic politics

**Chief executive election campaign:** Before it started the results of the campaign were known. Nevertheless, Donald Tsang, the favoured incumbent, went on campaigning seriously declaring he wanted to win the hearts of people. The whole process was described in an International Herald Tribune commentary as fantasy democracy with a preordained winner. He was finally elected by acclamation after gaining the support of 710 out of the 800 members of the Electoral Committee. An American group, The National Democratic Institute for International Affairs, has criticized the recent poll as a non election.

**New leader anointed in Beijing:** During his formal swearing in ceremony in the capital the Chinese PM warned Donald Tsang that the high hopes and expectations of the country and Hong Kong people are more important than congratulations. Analysts say the new Beijing leadership by emphasizing accountability differs from former president Jiang Zemin who often placed greater importance on personal relationships and attachment. Tsang's political career will be at risk if he does not perform and many observers also think that the central government wants to test the loyalty of a chief executive who is also known as a devout Roman Catholic and a former colonial civil servant.

**Democracy can wait, says Tsang:** Democracy is well down the list of the public's priorities, he told lawmakers in his first Legco session. According to a Central Policy Unit survey unemployment, good governance and combating pollution came top as priorities for HK people while universal suffrage took 13<sup>th</sup> place on 25 surveyed policy areas. He also pledged that barring "exceptional circumstances" he would not reintroduce the Art 23 security bill within the next two years.

**Long Hair ejected from Legco for 3<sup>rd</sup> time:** The controversial legislator was expelled after his loud protest of Tsang's election and plea for democracy.

**Re-appointment of the cabinet:** Donald Tsang re-appointed the old cabinet and nominated Rafael Hui as the Chief Secretary of Administration.

**Exco urged to take in political parties:** Some lawmakers are urging the chief executive to consider restructuring EXCO to allow for political parties to participate fully in HK's administration. Currently they are excluded.

## International affairs

**WTO summit security fears grow:** With the WTO 6th Ministerial Conference just six months away, foreign governments are increasingly nervous about security preparations for the meeting amid worries that anti-globalization protesters could seek to disrupt the high profile talks. Western officials say they have yet to receive plans from the Honk Kong police regarding security and logistical plans for the December meeting.

## Legal affairs and human rights

**Rule of law best in Asia – but SAR warned not to slip:** HK's status as commercial centre has been reinforced by a survey which ranks the territory's judicial system the best in Asia toppling Singapore. The report says Mainland China's record of law enforcement is, at best, patchy. It would only take one concrete example of China interfering with a HK commercial case to suffer a big set back in how the territory is perceived.

**Lawyer lashes HK as World Refugee Day dawns:** HK's refusal to adopt international screening standards for asylum seekers is tarnishing the city's reputation for upholding the rule of law. Response of the government: "Our unique situation set against the backdrop of our relative economic prosperity in the region and our liberal visa regime, makes us vulnerable to possible abuses if the Refugee Convention were to be extended to HK".

## Economy

**During his election campaign for Chief Executive, Donald Tsang published his economic policy:** a) uphold the principles of " Big Market, Small Government " and " Market Leads, Government

Facilitates", b) consolidate and strengthen HK as a key financial, trade, tourism, logistics and information centre, c) leveraging China's growth for HK's economic success, d) act as a bridge between the Mainland and global markets, e) capitalise on the rapid economic development of China, especially in the Pearl River Delta and Pan Pearl River Delta Region, f) further leverage CEPA to speed up and expand investment by Mainland enterprises in HK and strengthen local RMB business, g) expand Individual Visit Scheme, h) increase investment in infrastructure, create jobs and upgrade human capital, i) maintain a simple low-tax regime and strive to achieve fiscal balance, j) support environmental protection and promote sustainable development.

**Tycoon to scrutinise competition policies:** Christopher Cheng Wai-chee, a clothing and real estate tycoon, has been appointed to head a committee that will review HK's competition policies.

**Rate-rise worry for homebuyers:** Henry Tang tries to reassure the market as agents predict a plunge in sales. More of HK's largest lenders raised mortgage rates after the Bank of China and Wing Lung Bank announced tighter terms for new homebuyers.

**HK's textile manufacturing:** Manufacturers can escape US quotas on textile exports by moving to the city: Acting Chief Executive Henry Tang Ying-yen is expecting some local manufacturers to move their mainland factories back to HK to escape the Sino-US trade row, although industrial rents might not enjoy much of a revival as a result. Some factories will return to HK and rents may have to increase in some areas, but not by a whole lot. Overall, rents should remain quite affordable. HK's textile manufacturing, in decline for nearly two decades, is in resurgence thanks to the re-imposition of import caps of Chinese textile products by the United States and the European Union. But since there is no longer a ready pool of able textile workers, hiring staff is proving difficult.

**HK still the belle of the ball:** As a financial hub, Shanghai may be catching up with HK, but it has far to go. Shanghai's claim to be an up-and-coming rival to HK has never looked so hollow. As five mainland companies seeking to raise more than USD 7.7 billion on the HK stock exchange jockeyed for position, the Shanghai and Shenzhen markets were engaged in a struggle to justify their very existence. The Shanghai A-Share Index reached its lowest level in eight years. HK's piece of Greater China listing pie grew from 49% to 72.8% in the same period.

**Investment in HK surges:** Mainland enterprises spent \$280 Mio. in first quarter of the year from \$ 266 Mio. for the whole of 2003 thanks to the central government's facilitation policies, a commerce official said. 55 mainland firms were granted approval to invest in HK. This compares with 73 enterprises in 2003 and the figure is expected to keep growing as more mainland enterprises would want to use HK as the springboard to go global.

**Unemployment rate:** The number of people with jobs rose by about 9400 to a record 3.36 million in May, or about half of HK's population. The increase came as the economic revival continued to drive down the unemployment rate to a 43-month low of 5.7%.

**Consumer price index posts 0.8% rise in May:** Pricier package tours and jewellery as well as a slowing decline in housing rents, helped push inflation up by 0.8% in May compared to a year ago, the government said. The increase in consumer prices is higher than the 0.5% recorded in April but on par with February and March. Inflation in May was roughly in line with analysts' estimates. Analysts expect inflation to top 1.1% in 2005 and are projecting price increases of 1.9% or lower in 2006. An observer noted, that it was natural for consumer prices to pick up as the overall economy improved.

**Trade outlook:** Healthy re-exports of merchandise and improving domestic trade boosted the value of total goods exported last month by 16.9% year on year to \$193.4 billion. It was the first month of double-digit growth since January. Compared with a year ago also re-exports surged 18% to \$183.5 billion. The fall in domestic exports narrowed to 0.5% or \$9.9 billion compared with more than 10% in April. Machinery and equipment re-exports grew. Significant increases were recorded in the value of domestic exports to Australia, Singapore and the Netherlands.

**Warning bells for Macau's economy:** The latest statistics from Macau show an economic slowdown, but observers describe the trend as a temporary setback and a sign of healthier growth. GDP growth has eased, influx of mainland visitors has slowed and hotel occupancy rates are at lowest level since Sars. The worrying signs for the tourism industry occur against a background of slowing economic growth that has fallen to single digits in the first quarter at 8.5%. While deflation persisted from 1999 until last June, the April 2005 consumer price index rose 3.22% year on year.

**HK Airport profit surge:** The HK Airport posted a record year in every air traffic category in 2004/05 – from aircraft movements (+27%) to passenger (+38%) and cargo volumes (+15%), generating net earnings of HK\$1.4 billion of which the HK Government reaped HK\$1 billion.

HK Airport Authority expected further growth for 2005/06 due to the consistent growth of traffic flow at the Pearl River Delta, opening of a new exhibition venue and Disneyland Theme Park.

## Health

**Former HK health chief promoted by WHO:** Margaret Chan, who was heavily criticised in HK for her handling of the SARS crisis, has been promoted by WHO to be its chief influenza pandemic expert.

## Environment

**Arctic conditions inside malls and buses blasted:** HK is branded as a place that wastes energy and does not care about the environment. HK's public areas are the coldest in the world according to HK PolyU study.

**Disney's U-turn on shark fin:** Bowing to international pressure, Disney has scrapped plans to serve shark's fin soup at its HK theme park citing its failure to locate sustainably harvested supplies.

## Varia

**Weak security makes HK top hacker target:** HK's unsuspecting 4.8 millions broadband internet users are among the most vulnerable of the planet to attacks by so-called "zombie" computers.

**Hong Kong swamped:** Heavy raining caused flooding of some shops on HK Island and left villagers in the New Territories trapped.

## Press articles related to Switzerland

**Apple Daily, Ming Pao, Wen Wei Po, Metro, Ta Kung Pao, Sing Tao Daily, Oriental Daily, Hong Kong Economic Times, Hong Kong Economic Journal, The Standard, SCMP, 7 June 2005/ SCMP, 9 June 2005/ Sing Tao Daily, 18 June 2005:** Reported about Bertrand Piccard's visit to HK and his new project "Solar Impulse" and Piccard's as well as his message to promote renewable energy and protect the resources of the world.

**Wen Wei Po, 8 June 2005: Hong Kong Daily News, 9 June 2005:** Listeria bacteria in Swiss cheese were suspected to cause two deaths and two miscarriages in Neuchâtel. Health officials called on people not to eat Tomme cheese until further notice. The Food and Environmental Hygiene Department investigates if the contaminated cheese is selling in Hong Kong. ParknShop, Wellcome and some western Supermarkets responded that they had not sold this kind of cheese.

**The Standard, 13 June 2005:** Little chance at rehab for inmates - HK's 13'000 inmate should be experiencing productive ways to reintroduce them into society, but currently only a fraction are in these programs, says Tobias Brandner, a 40-year-old priest from Switzerland.

**SCMP, 14 June 2005:** Swiss timing - In a bid to promote the region, HK's arts archive is taking the unusual step of setting up shop at an international arts festival. At the Art Basel show in Switzerland, the executive director of Asia Art Archive (AAA) and her colleagues will promote the art they collect and document.

**Apple Daily, 20 June 2005:** Global Happiness Database - A Dutch professor has conducted a research about "Global Happiness Database" which covers 67 nations. Swiss people are the happiest whereas Japanese and Chinese rank 27th and 34th respectively. According to this professor, a happy nation is often rich, free, democratic, forgiving and good in governance. Switzerland is one of the most democratic countries in the world.

**SCMP, 24 June 2005:** UBS is planning to hold a stake about \$500 Mio in the Bank of China, which will be listed with capitalisation about US\$ 3-4 billion in early 2006, according to a source from the stock market.

**Hinge Magazine, Vol. 118:** Swiss architecture - Cover story "Swiss treats... How can such a small country produce such "big" architecture?" by Colette Raffaele and Cedric Schärer (EPFL). A lecture and exhibition titled "A Matter of Art. Contemporary Architecture in Switzerland", held in HK in March, provided the impetus for *hinge* to dedicate this issue to explore the Swiss contribution to the built environment.

351.0-BFR/LIJ/SRA/BRB

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