

Introduction

Chief Executive Donald Tsang delivered his maiden Policy Address with title "Strong Governance for the People". As spoken in his election campaign, he pledged to secure a government which pursues excellent governance, a harmonious community and widespread economic growth.

Domestic politics

Beijing's new tactics: Beijing's new tactics of embracing old rivals reflects its near total control over the political sphere in HK. The notion of "patriotism" and "democracy" no longer functions as the dividing line in society. Most people are patriotic democrats. Economic and livelihood issues are now dominating the agenda. It has been pointed out that this new approach by Beijing is still aimed at managing a difficult situation but will not solve the problem at its roots.

Chief Executive's Policy Address: The title of Donald Tsang's maiden speech "Strong governance for the people" indicates a clear focus on an executive led style of government. He announced measures to reinforce and enlarge the Executive Council (ExCo), to strengthen the executive branch and to further develop ties with the Mainland. Observers have underlined the contrast between the weakness of Tung and the determination of Tsang, and have qualified his address as a campaign speech for the 2007 Chief Executive election.

Revamped ExCo: The centrepiece of the Chief's Executive new government structure – a revamped ExCo - was formally unveiled two days after the policy address with few surprises. 15 unofficial members and three top secretaries will make it and the balance is tilted in favour of the business and financial sectors, as most of the eight new members are upper crust, legal, business and political figures. The appointment of Democrat Anthony Cheung is seen as an olive branch to moderate democrats.

Electoral reform plan faces Legco fight: The Chief Secretary submitted a plan to the legislature that calls for doubling the committee of prominent citizens that chooses the Chief Executive to 1600. Most of the increase would come from including 529 district councillors. The legislature would be expanded by 10 seats to 70 with five directly elected seats and the others to be elected by the district councillors. For the Chief Executive these proposals approved by Beijing represent gradual steps towards full democracy and will ultimately lead to universal suffrage. For the democratic camp they are only cosmetic changes. Furthermore they do not include any timetable for universal suffrage. A march is planned against what has been called an insult to the public. The December 4 demonstration will be a showdown of people power against the government, pro-democracy legislators say, urging the public to take to the streets.

Appointment of a new Secretary for Justice: Wong Yan-lung has replaced Elsie Leung. He pledged to uphold the rule of law and avoid seeking any more interpretations of the Basic Law by Beijing. He is a surprise choice because he joined a protest march by lawyers last spring and he is on friendly terms with the pro democracy Article 45 Group. The reaction was positive especially from Democrats who said that Mr. Wong's appointment was a sign the Beijing leadership was open-minded. There are some concerns about his lack of political experience.

Compromise culture hub plan a step forward: The initial single developer solution for the West Kowloon Cultural District has been dropped after months of controversy. It will be built as integrated projects with several players. This change has been welcomed as a sensible step to address public suspicion of collusion between government and big business.

Fighting for transparency: Pressure is mounting on government to enact legislation governing citizens' access to crucial documents including the financial arrangements of secretive "public-private partnerships" for HK Disneyland, West Kowloon Cultural District and Cyberport.

Waterfront land must be for buildings, not open space, government says: Commercial and residential development of waterfront land has won out over open space as the government seeks to cash in on premium sites.

International affairs

HK missing trade boat: China's growing South American ties require shift in HK's Anglo-Saxon focus. As relations are fast developing without the United States or the US-Europe trade axis, it is feared that HK knows too little of the world outside the Anglo-Saxon countries. When it is said that it is Asia's World City, the world in question is larger than just the New York London axis.

First overseas trip by Chief Executive: He is making a promotion tour to Vancouver, New York, Washington and London. At a dinner in Washington he said that he supported universal suffrage but that

the development of HK's political system was not up to him alone adding that HK cannot act unilaterally in this regard although some people naively believe it can and should.

HK to become pivot in Chinese-Indian relations: According to a professor from Brown University the growing interaction between the Chinese and Indian business communities will enhance HK's role in Asia.

WTO

Agreement reached on WTO protest sites: Protesters will be allowed to stage demonstrations closer to the coming WTO conference thanks to an agreement reached with the government. The Wan Chai Sports Ground and a cargo handling area were offered to protesters by the government.

Police ready for attacks on WTO venue: In preparation for the WTO meeting in December - which is expected to attract 8,000 protesters - police donned chemical protection suits during a drill for possible chemical and biological attacks on the convention center in Wan Chai. Senior foreign police officers will work with their HK counterparts to analyze intelligence and provide language assistance during the WTO meeting in December, the security chief said. Secretary for Security Ambrose Lee Siu-kyong also revealed to Legco's security panel that local police were already sharing intelligence with their South Korean counterparts.

Rocky start to WTO dialogue: At the close of an NGO's roundtable forum at HKU, protesters besieged the participants alleging government-big business collusion. They asked for the Commerce Secretary to meet with them which he refused. Mr. Lamy, the WTO Director General, met with protesters giving a lesson in democracy to HK.

Transborder affairs

HK has a lot to gain from 11th plan: China's 2006-2010 11th Five-Year Plan aims to boost HK's and Macao's economies by expediting the development of the Pearl River delta region, said Premier Wen Jiabao. The plan would maintain HK's status as an international center of finance, trade, logistics and tourism.

Legal affairs and human rights

Government appeals gay sex ruling by High Court: The ruling had overturned a law banning some sexual acts between men aged under 21. This appeal provoked the outrage of human rights and gay groups which describe the government as backward in its treatment of minorities.

Falun Gong anger as hotel wipes forum booking: The hotel was accused of bowing to China's pressure.

Economy

HK ranks second (in Asia) in attracting foreign funds: HK held its position as the second-most preferred destination for foreign direct investment FDI in Asia in 2004, the fourth straight year, a United Nations survey has found.

A magnet for regional operations: The number of international companies selecting HK as a location for their regional headquarters or offices is at an all-time high, according to a government survey. There was a 5% increase over last year - there were 1,167 companies that had regional headquarters and 2,631 with regional offices in HK.

Openness urged to boost HK's business appeal: HK fell from 21st to 28th place on the competitiveness index of the World Economic Forum, with concerns over judicial independence, rising corruption and intellectual property rights cited. Scholars and a legislator have therefore urged the government to improve co-ordination between departments and efficiency in decision-making to boost HK's competitiveness.

Jobless rate: The jobless rate has fallen to a four-year low of 5.5 per cent, with the number of people employed increasing to a high of 3.39 million. The government expects figures to be boosted further by an influx of more mainland tourists to HK, which it believes will create more jobs in the retail sector.

Inflation rate: Rises in rents and oil prices helped push HK's inflation up to 1.6% in September compared with a year earlier. A government spokesman said the steady inflation was a natural consequence of the economic recovery. He added while inflation rate was expected to move up further, the overall price pressure was still likely to remain moderate through to the year-end.

Policy Address in economic perspectives: HK's strategy is to leverage the Mainland and face the world and to consolidate its role as a key international financial, trading, transportation and information hub of China, according to the Policy Address of CE Donald Tsang. Beijing will extend scope of RMB business in HK; Beijing and HK will sign CEPA III, extending tariff-free access to more HK products and further liberalizing market access for services sectors; individual visit scheme will include Chengdu, Jinan, Shenyang and Dalian; HK will consider a new admission scheme for mainland and overseas talents; HK will strengthen co-operation with the Pan-Pearl River Delta and press ahead with major infrastructure projects such as HK-Zhuhai-Macao Bridge.

Mainland and HK signed Closer Economic Partnership Arrangement CEPA III: Under CEPA III, the Mainland agrees to give all products of HK origin tariff free treatment starting from January 1, 2006, upon application by local manufacturers and upon the CEPA rules of origin (ROOs) being agreed and met. On trade in services, under CEPA III, there are 23 liberalisation measures spreading across 10 areas, namely legal, accounting, audiovisual, construction, distribution, banking, securities, tourism, transport and individually owned stores.

Minister confident of financial hub status: A freely convertible Yuan will inevitably increase competitive pressure on HK's status as a financial hub, but the secretary for financial services and the treasury believes mainland cities still have a long way to go before they can become rivals.

Air-cargo hub: HK Airport handled 9% more air cargo in September, reaching a record 304,000 tonnes that secured its reputation as the world's busiest international air cargo hub. September also saw 8.5 % jumps in passenger traffic and a 12% rise in aircraft movements.

Minimum wage: Although the government says it will urge more private and nongovernmental organizations to follow its minimum pay guidelines, it has no timetable or legal means to enforce the scheme.

Tourism: HK received 1.7 million visitors in September, a 5.9% increase on a year-on-year basis. The first 9 months saw 16.9 million visitors or increase of 7.6%, year-on-year basis.

Robust trade growth: Total exports of goods surged by 17% year on year in September to HK\$ 210 billion after a 13% jump in August. Likewise, Imports rose 15% to HK\$ 214 billion last month, following a 13% increase in August. In the first nine months, total exports increased 12% over the same period last year. Economists agree the outlook is uncertain and much hinges upon external demand.

Health

Margret Chan hails HK handling of bird flu: HK's experience in fighting bird flu and Sars is a model for the world in preparing for a possible flu pandemic the WHO's top official in infectious diseases said. Margret Chan Fung Fu-chun, the WHO's director of infectious disease surveillance and response and HK's former director of health, said the measures put in place in the city after 1997 bird flu outbreak had proved a success.

Businesses urged to prepare for bird flu pandemic: Businesses need to prepare urgently for a bird flu pandemic to make sure HK can recover quickly from such a crisis, a senior health official said. Leung Pak-yin, controller of the Centre for Health Protection, said HK should not repeat its mistakes during Sars, which had caused an economic disaster.

Bird flu on mainland spreading: Situation grave and it's unrealistic to expect we can completely halt outbreaks, says nations top vet. Mainland officials admitted that bird flu was spreading among its flocks – but stood firm in their denial of any human infections from the deadly virus.

Public warned against stockpiling Tami flu: The health chief yesterday warned against panic buying of the antiviral Tami flu, amid indications that city residents have started stockpiling the drug.

Tsang puts HK on alert for "inevitable" pandemic: A bird flu pandemic is inevitable but HK is better prepared than many countries to deal with it, according to Chief Executive Donald Tsang. He said the government is stockpiling medicines, preparing flu alert drills and quarantine venues, and will soon publish an alert manual.

Rethink on pledge to seal border: Government considers controls instead of closure if bird flu strikes. The government is set to back-pedal on the pledge by health minister York Chow Yat-ngok that the borders will be sealed if a bird flu pandemic knocks on the door of HK. This follows what a government source said was local and international concern about the enormous social and economic effects of such a move.

Liver disease still HK's silent killer: Patients in HK and nine Asian countries have a very low level of awareness of Hepatitis B, delaying their treatment and adversely affecting their health, a survey has found. Up to 500,000 people in HK - 10 per cent of the adult population - are estimated to have chronic hepatitis B, and 30 per cent of those will develop liver cirrhosis or liver cancer.

Pig-borne disease kills second HK victim: A 43-year-old chef has died of the pig-borne disease *Streptococcus suis* in the first reported case since a scare began three months ago, the Centre for Health Protection said last night. He worked as a cook at a social facility for the elderly at Hong Tung Estate in Sai Wan Ho.

Beijing agrees to spot checks in food scares: HK and Beijing have signed an agreement under which the SAR will be granted the right to make random inspections of Mainland farms and food processing factories. HK will also be notified should there be a food scare in Guangdong or Shenzhen. The move follows a series of crises caused by tainted fish, eels and pork infection in Sichuan.

Environment

The hidden danger in our air: New research has revealed that some types of air pollution are far more dangerous (...) than previously thought. But despite rising levels of fine particle pollution in HK, they are not reported as part of the City's Air Pollution Index. The particles are now being linked to ailments as disease, diabetes, cancer, strokes and heart disease. As the central government this week announced

sweeping new measures to combat air pollution, an internationally respected local scientist described HK's air quality as nothing short of a medical emergency.

Science & Technology

SAR completes genome mapping project: HK researchers were among a team of experts from around the world who recently unveiled the first map of human genetic variations.

Macao

Macao to set up anti-laundering unit: It will also set up a financial intelligence unit next year and adopt rules requiring casinos to establish programs for problem gamblers. The International Monetary Fund recommended in 2002 that Macao set up such a unit "as soon as possible."

Press articles related to Switzerland

HK Economic Journal, HK Economic Times, 5 October: Meeting with the Swiss Bankers Association SBA: According to Dr. Urs Roth, CEO, SBA, to strengthen surveillance, build up an effective database and co-operate between governments and bankers are crucial to fight against money laundering. In order to fight against money laundering, Switzerland has established a huge database since the 80's. There is no quick fix. In Switzerland, banks spend about 0.5%-5% of total operation cost in prevention of money laundering. However, he emphasizes that banks can provide useful data against money laundering but cannot act as policemen. In his opinion, HK is a very competent wealth management centre, particularly in advisory business. It is high value-added but it also requires talents and skills. SBA visits HK on annual basis since 2003.

The Standard, 6 October: Johnson Electric outbid Sumida to acquire Saia: Johnson Electric JE outbid Sumida to acquire the Swiss firm Saia Burgess. JE was in alliance talk with Sumida and an analyst said that it indicated Saia Burgess as a valuable asset that could offer growth potential.

The Standard, 20 October: Roche on anti-viral drug Tami flu: Swiss pharmaceutical producer Roche, which makes Tami flu, reported that sales of the drug had more than tripled in the first 9 months of this year. The surge in sales had been driven mainly by increased orders for national stockpiles.

HK Daily News, 28 October: Mutual abolition of visa requirements between Switzerland and Macao: Switzerland and Macao will sign an agreement on the mutual abolition of visa requirements and on the readmission of persons with unauthorised stays on October 28. Switzerland will organize a series of cultural, educational and business events such as seminars, film shows and Swiss food promotion.

South China Morning Post (SCMP), 2 October 2005: Naked Woman of Kai Tak' back home: The family of a woman found clad only in shopping bags and suffering amnesia at the former Kai Tak airport are optimistic that she will make a full recovery after being reunited with them in Switzerland. She has been unable to tell her family, police or medical staff any details of what happened.

South China Morning Post (SCMP), 23 October 2005: HK accuses drug giant of racism: HK's medical community has accused Swiss pharmaceutical manufacturer Roche, the producer of flu drug Tamiflu, of discrimination against Asia. The accusation follows the pharmaceutical giant's decision last week – widely seen as the result of pressure from Europe and the United States – to share production of its drug with other companies.

South China Morning Post (SCMP), 27 October 2005: Roche dumping old Tamiflu stocks, say pharmacists: Doctors and pharmacies in Guangzhou have accused Swiss pharmaceutical company Roche of dumping Tamiflu medicine close to the end of its shelf life on the mainland market.

South China Morning Post (SCMP), 29 October 2005: Swiss film director Frédéric Gonthier hopes his documentary on the extraordinary wartime experiences of a group of doctors and nurses will raise Hongkongers' awareness of humanitarian work. Gonthier, who is in Hong Kong for the MAX! German language film festival, said people's support could help humanitarian organisations fight institutions' manipulation, as illustrated in his documentary *Mission in Hell*.

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