

### Economy

**September jobless rate lowest in five years:** The unemployment rate last month improved to 4.7%, the lowest level since July 2001, with the number of people with jobs exceeding those joining the labour force.

**HK leads Asia race for hedge funds:** Hedge funds activity has grown significantly in HK, with assets under management jumping 2.6 times to US\$33.5 billion over the past two years, the Securities and Futures Commission said. A new SFC survey showed that last year HK attracted US\$1.58 billion in capital to start-up hedge funds, making it the fastest-growing hedge fund market in Asia ahead of Japan and Australia.

**Economy in good health, figures show:** The economy is thriving, according to the latest government figures, which showed a 10% year-on-year rise in the volume of exports in the first eight months of this year. The volume of re-exports from January to August rose by 9.6%, while domestic exports grew by 23.6% year on year. Imports rose 10%.

**Market capitalisation the 8<sup>th</sup> largest in the world:** According to the HK stock exchange, HK's market capitalisation reached to HK\$10.81 trillion (05.10.2006), the 8<sup>th</sup> largest in the world. Initial public offerings IPO amounted to HK\$128 billion, an ever highest record, in the first three quarters of 2006. Given the Industrial and Commercial Bank of China's giant initial public offering, IPO is expected to reach HK\$200 billion this year. Swiss market capitalisation (Swiss Exchange) is the 10<sup>th</sup> largest in the world.

**HK next test bed for fully convertible yuan, says Li:** HK will likely be the next testing ground - after Tianjin - for full convertibility of the yuan, according to Bank of East Asia chairman David Li. He believes HK in three to six months will be the next test bed after the pilot plan to launch full convertibility of the yuan starts in Tianjin.

**Friedman blasts 'death of HK's prosperity policy':** Leading United States economist Milton Friedman has lambasted HK for abandoning laissez-faire economics, mourning "the death of the policy on which the territory's prosperity was built". His latest comments reflect growing concerns in HK that the city is moving away from the economic blueprint that many believe brought it great wealth in the past 30 years. Such worries were sparked by off-the-cuff remarks by Chief Executive Mr Donald Tsang after a seminar in which government and business leaders discussed how to integrate HK with China's latest five-year economic plan. Mr Tsang said the policy of so-called "positive non-intervention" - a phrase coined by former finance chief Sir Philip Haddon-Cave to describe the government's policy of minimal intervention in the economy - was over. Mr Friedman said "Although the territory may continue to grow, it will no longer be such a shining symbol of economic freedom." The government defended its decision. "The term 'positive non-interventionism' is ambiguous. Big market, small government is a more accurate description of the government's long-established financial approach."

**Boost for yuan business:** The central government will give higher priority to helping yuan business develop further in HK. Premier Wen Jiabao made the promise at a closed-door meeting with Chief Executive Donald Tsang in Guangzhou.

**CE defends wages policy:** Chief Executive Donald Tsang has defended his rejection of a new minimum-wage law, predicting any attempt to push legislation would lead to a "bloody fight" in the Legislative Council - and ultimately hurt HK's low-wage earners. Tsang has been sharply criticized for a decision to introduce a "Wage Protection Movement" instead of directly legislating a minimum wage.

### Domestic politics: Policy Address

**Tsang plays safe and avoids election issues:** Chief Executive Donald Tsang has focused his remaining tenure on developing the economy and fighting air pollution, steering clear of major new initiatives in his final policy address of the term. Tsang's speech before the Legislative Council, however, may be more notable for the hot-button issue he sidestepped: a new minimum wage law. His speech was a cautious one, light on concrete promises to the public and heavy on the challenges the new administration will have to face when its next term begins in eight months. In particular, Tsang singled out three challenges - sustaining economic growth, developing democracy and bridging the widening wealth gap - that could form the basis for new policy under the next chief executive, "whoever that may be."

**Bright and light, calm and peace - a smart game for now:** In tone with the azure colour of its cover, Chief Executive Donald Tsang's second policy address seeks to instil a feeling of brightness and lightness, calm and peace - at least for now. He has exercised self-restraint by not venting bitterness over the rejection of his proposed constitutional reforms. He made no further effort to explain how sending the West Kowloon Cultural District project back to the drawing board equated to strong governance. Nor did he venture into the political quagmire of the government's "friends and foes" and the danger zone of the goods and services tax. The first year of his two-year term might have left much to be desired. But he is acutely aware of the risk of

kicking up the dust. Doing so could spoil the present feel-good atmosphere and increase the uncertainty in the socio-political landscape in the future.

**Critics accuse chief of a lack of vision:** Democrats and the Civic Party said they were disappointed by the chief executive's lack of vision and avoidance of controversial issues, but most lawmakers welcomed initiatives to help parents and reduce pollution. The critics attacked Donald Tsang for not doing enough to ensure the well-being of underprivileged workers, saying a voluntary minimum-wage charter would not work and would only cause them to suffer more.

**Tsang hits back at critics over universal suffrage:** Chief Executive Donald Tsang, reacting to strong criticism he had sidestepped the question of political development in his policy address, said the introduction of universal suffrage would not immediately solve all of HK's problems. He told legislators at a question-and-answer session his government's aim is to find a model of democracy that will best suit HK's needs. Democratic Party legislator Yeung Sum opened the attack, accusing Tsang of intentionally dodging the issue of universal suffrage in his address.

### **Domestic politics: GST**

**Politicians blasted for GST defiance:** Secretary for Financial Services and the Treasury Frederick Ma has launched a scathing attack on political parties working against the proposed goods and services tax, accusing them of harboring political motives and being "short-sighted." Speaking on radio ahead of an expected tough debate on the controversial tax in the Legislative Council, Ma insisted the GST is the "right way to go." While acknowledging there is increasing opposition to the tax, Ma argued the political parties are serving "political purposes" rather than the interests of the territory in the long run.

**Lawmakers hit Tang GST bid:** Legislators have sounded the death knell for the proposed goods and services tax five months before the consultation period is due to end. Despite pleas by Financial Secretary Henry Tang to allow for a full public consultation, lawmakers voted 40-4 to "Oppose the introduction of a goods and services tax," a nonbinding motion moved by the Democratic Party's Yeung Sum.

**Tang plows ahead with GST fight:** Financial Secretary Henry Tang is bent on getting the controversial goods and services tax off the ground despite its overwhelming rejection by lawmakers, vowing the public consultation exercise will continue.

### **Domestic politics (other matters)**

**Anson Chan warns of single-voice society:** Anson Chan warned HK lacked distinguished political party leaders and said the city was becoming a single-voice society. "There is increasingly a tendency for political parties to lack distinguished political leaders who can lead discussions and the examination of issues which concern the public," Mrs Chan said in an interview on RTHK. "I am worried that society has increasingly become a single-voice society." Mrs Chan's comments came a day after Chief Executive Donald Tsang outlined his philosophy of "pragmatic politics", saying politicians who place an emphasis on political belief will become "inflexible, closed-minded and will eventually be displaced by time".

**President Hu may deliver road map for democracy on first visit to HK:** President Hu Jintao may deliver a road map for democracy during his first visit to the city, but the blueprint will be contingent on HK finding a consensus. Sources familiar with the situation said Mr Hu was set to deliver important messages on the city's political and economic future when he visited next year to mark the 10th anniversary of the handover. The sources said the central government was considering a so-called dual-tier model for the 2012 chief executive election, which would require candidates to gain a certain threshold of support to gain nomination.

**Bosses back minimum-pay scheme:** The five major employer associations pledged their support for the government's "minimum wage movement" and promised to call on their 20,000 members to join in. They also proposed an accreditation scheme for employers who agreed to pay their cleaners and security guards a market rate reported quarterly by the Census and Statistics Department - now HK\$5,043 for cleaners, and for guards between HK\$6,358 and HK\$7,300 depending on hours of work

**Business groups 'blocking' HK democracy:** The only declared candidate in the race to become HK's next chief executive has identified the territory's conservative business community as the primary obstacle to democratic reform and says his long-shot candidacy will "expose the absurdity of HK's electoral system". "The main obstacle in the way of universal suffrage in HK is really the business community," Alan Leong, a barrister and legislator, said in an interview with the Financial Times. "I really believe that it is this chorus of business people singing against universal suffrage that explains Beijing's reluctance to introduce it in HK."

### **International affairs**

**Sino-Vatican ties will have to wait: Zen:** There is unlikely to be a breakthrough in Sino-Vatican ties before mid-2008 after the Communist Party wraps up a five-yearly leadership transition cycle, HK's Catholic leader said. It would be provocative for the state-backed Catholic Church or the underground church to consecrate new bishops and both should refrain from doing so, said Cardinal Joseph Zen, who returned to the city this week from a trip to the Vatican.

## Health

**Minister hails final passage of smoking bill into law:** The much-delayed and amended bill that will ban smoking from January 1 at most indoor workplaces and public places was finally passed into law. But controversy continued over the last-minute revelation by Secretary for Health, Welfare and Food York Chow that the government will study the feasibility of smoking rooms in restaurants and entertainment venues.

## Environment

**Green push to update air quality standards:** Green group Friends of the Earth has voiced grave concern over what it calls HK's "outdated" air quality objectives, and urged Chief Executive Donald Tsang to confront the problem in his policy address. The group's acting director, Edwin Lau, accused the government of putting public health at risk with standards "too lenient" for the territory's deteriorating air quality.

**Save or sink, hero tells HK:** HK stands to lose more than its "World City" brand if it continues to ignore the reality of global warming, polar explorer Rob Swan has warned: The SAR and the mainland, which together are responsible for 14.2% of the world's greenhouse gas emissions, are now regarded internationally as the "biggest threat" to global climate change. But if that piece of news doesn't spur HKers into action, Swan offered a new revelation: the island city's penchant for cold indoor temperatures, bright lights and extravagant living could also hasten its sinking - both economically and literally.

## Macau

**Macau gaming income soars:** Macau's gaming revenue leapt 37% in September to HK\$4.5 billion, boosted by the September 6 opening of the US\$1.2 billion Wynn Macau casino resort, according to official statistics. Visitor arrivals rose 20% for the month to 1.75 million, outpacing the overall gain of 15% so far this year. "People expected Wynn would be expanding the market," said Deutsche Bank analyst Karen Tang. "But I don't think they realised it would be an expansion of this magnitude."

## Varia

**Work towards education-hub plan, SAR urged:** HK could position itself as an international education hub, bridging the West with the mainland by utilizing its special historical background and extensive international network built up in the past, according to several academics from Britain and HK.

**HK urged to attract more experts:** More experts and talented people should be lured to HK to strengthen it as an international centre, members of a top government advisory body have urged. Central Policy Unit chief Lau Siu-kai said members had expressed concern at a meeting of the Commission on Strategic Development's executive committee that the city did not have enough experts to uphold its international status. "Some members suggested HK should set up a world-class business and management school to nurture talents and professionals," Professor Lau said, adding that HK's universities and the private sector could work together to provide training.

**Overworked staff won't give it a rest:** HK's workers are overworked and overstressed - and they do not seem to mind at all, a new study has found. Some experts are concerned, however, that the apparent willingness to work overtime, sometimes without even taking a day off all year, will have long-term consequences for the health and satisfaction of workers.

## Press articles related to Switzerland

**Swiss use Bollywood to woo tourists (The Standard, 05.10.2005):** Bollywood actor Ashutosh Rana slips between two fast-moving trams on a busy square in Bern, Switzerland, turns around and looks coolly into the camera through blue-tinted sunglasses. The 40-year-old actor's action adventure Kshana Kshana, or Moment by Moment, is just the sort of film Switzerland wants Indian producers to shoot, showing ordinary Helvetian life. Many Bollywood films shot in Switzerland camouflage the location, casting its mountains and valleys as Kashmir because the war-torn north Indian state is too dangerous for filmmakers. Now, Switzerland is asking the world's most prolific film industry to play a role in the revival of its 23 billion franc (HK\$144 billion) tourism trade by shooting movies in identifiably Swiss locations to lure Indian visitors.

**Vatican honour for ex-Caritas official (South China Morning Post, 30.10.2006):** Former Caritas HK International co-ordinator Kathi Zellweger, who was recently appointed country director to Pyongyang for the Swiss government, has received one of the highest awards that can be given to a lay person by the Vatican for her work in North Korea. Ms Zellweger, who worked for Caritas in HK for 28 years, the past 10 of which were concerned with aid and development in North Korea, was made a Dame of Saint Gregory the Great.

351.0 - ROH/MUJ/SRA/CHW

## **Disclaimer**

This is a review of the HK media and does not necessarily represent the opinion of the Consulate General of Switzerland. The Consulate General of Switzerland in HK 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.