

### Economy + Finance

**Chief executive stresses importance of investment in new term's five policy goals:** Chief Executive Donald Tsang pledged more investment in infrastructure as part of a "new mode of economic development" to drive wage increases and create jobs for grass-roots workers. Mr Tsang's other pledges include building a more open government, developing a more democratic system and improving the quality of life.

**New rules threaten HK firms in delta:** More than 11,000 HK-invested companies in the processing trade in the Pearl River Delta may close or scale down their operations if more tax concessions are removed and policy changes go ahead, a study has revealed. The study, conducted by the HK Trade Development Council, was launched after mainland authorities over the past year removed part of the export tax rebate and expanded the trade's prohibited category. The study said there were 57,000 HK-invested companies in the region, more than 80 per cent of which were processing companies.

**Tsang urges local enterprises to innovate:** Chief Executive Donald Tsang has urged local enterprises based in the Pearl River Delta to explore new technologies and develop high value-added products. These enterprises could no longer rely on the relatively low production costs provided by the region since more low cost production areas were emerging.

**Moody's upgrades HK's rating:** HK's improving public finances and ability to withstand external shocks earned it a ratings upgrade to Aa2 from Aa3 from Moody's Investors Service. "The HK government has almost no debt and large and growing fiscal reserves, equivalent to about one-quarter of GDP," the agency's vice-president, Steven Hess, said. "This strong position gives the government considerable financial flexibility and provides a strong buffer against potential shocks emanating from the mainland or elsewhere."

### Domestic politics

**Thousands take part in HK democracy march:** Thousands of people took part in a protest march in central HK to call for universal suffrage as the territory marked the first 10 years of Chinese rule. HK's former deputy leader Anson Chan and Cardinal Joseph Zen, the head of the Catholic church in the territory, were among the high-profile figures joining the demonstration.

**Zen attacked for taking part in march:** A leader of the mainland's official Catholic church has hit out at Cardinal Joseph Zen for marching in democracy rally, saying his participation would not help Sino-Vatican relations. Cardinal Zen's participation was seen as particularly significant as it was the first time he had joined a July 1 rally and it was taking place on the 10th anniversary of the handover.

**Green paper offers multiple choice on universal suffrage:** The people of HK were invited to choose from hundreds of options for achieving universal suffrage - by 2012 or later - in an unprecedented consultation aimed at achieving consensus on the way forward. Unveiling a much-awaited green paper on ways to achieve universal suffrage, Chief Secretary Henry Tang reiterated the government's determination to settle the question once and for all. "We hope different sectors will respond in a sincere and pragmatic way. Otherwise the dispute over universal suffrage will be never-ending," he said after briefing legislators about the exercise. The document sets out more than 40 questions about the methods for electing the chief executive and legislators. Some legislators and academics said the question-and-answer approach was confusing and open to government manipulation; others believed it would help gauge public opinion on the various options. Chief Executive Donald Tsang said he did not underestimate the difficulties of reaching a consensus.

**Chief secretary lays down the law on reforms:** The most popular proposal on political reform will have to gather two-thirds support from legislators and Beijing's approval, Chief Secretary Henry Tang reminded people in his first public appearance to promote the green paper.

**Tsang warned over 'traps' for public in green paper:** Pan-democratic lawmakers warned the chief executive Donald Tsang "not to play with fire" and engage in sorcery to manipulate public opinion in response to the green paper consultation on political reform. The new warnings came as pan-democrats distributed the first batch of "recommended answers", urging residents to sign their names and give identification card numbers in support of their recommended model.

**Alarm bells ringing over green paper, says pollster:** Grey areas surrounding the green paper on electoral reform could allow the government to "repeat their tricks" and manipulate public opinion during the public consultation, a top polling academic has warned. University of HK pollster Robert Chung said "very many alarm bells have been ringing" since the green paper was released. These included the short consultation period of only three months and the "arbitrary standard" requiring the final proposal to have public support of 60 per cent.

**Constitutional progress disappointing, says British report:** HK's progress in constitutional development has been disappointing, the British government said in a report to Parliament. The government maintained that the city must advance to a system of universal suffrage as soon as possible to enhance its stability and prosperity.

**Legco president will not run for Legco next year:** Legislative Council president Rita Fan made her expected announcement that she will not stand for the Legislative Council next year, heralding a fierce battle for her HK Island seat and opening the way for the first new Legco president since the handover.

### Relations HK - Mainland China

**President Hu sets out a four-point framework for success of 'one country, two systems':** HK marked the 10th anniversary under Chinese rule with a warning from President Hu Jintao that the "two systems" could not be separated from the "one country". He highlighted four key points: the need for faithful implementation of "one country, two systems", strict adherence to the Basic Law, economic development, and social stability.

### Transborder affairs

**Tsang's vision-an open border:** A proposal by HK to allow Shenzhen's 2 million permanent residents to freely make multiple visits to the city is part of Chief Executive Donald Tsang's vision for a cosmopolitan economy with up to 10 million people. A government source said that HK had "reflected" the idea to the central government but it would be up to Beijing whether it went ahead, and it could take a long time to put into effect. Government thinking is that HK's competitiveness hinges on a critical mass of quality human capital, and technologically advanced Shenzhen would be a good city to pair up with. The scheme would free Shenzhen residents from the need to apply to visit HK under the individual travel scheme and allow them more or less to come and go as they pleased, as Hongkongers now are allowed to in Shenzhen.

### Health

**Consensus reached at Tripartite Meeting on Infectious Diseases:** The Guangdong, Macao and HK health authorities agreed to further strengthen mutual communication and cooperation in combating infectious diseases, including stepping up alertness in the prevention and control of dengue fever, AIDS, tuberculosis and plague. The consensus was reached at the seventh tripartite meeting of Guangdong, Macao and HK on the Prevention and Control of Infectious Diseases held in HK.

### Environment

**Growth in green industries could lead to job creation:** More jobs could be created through further development of the environmental industries, the new environment minister Edward Yau told legislators. During the debate, some legislators pointed out that most of HK's collected waste could be recycled locally if there was a strong recycling industry, but in reality most of it was being exported. Mr Yau said the number of people engaged in environmental industries - now at 40,000 - still represented only a tiny portion of the 3.6 million workforce. "There is still room for more environmental industries and job creation," he said.

**Nine-year high for HK's blue skies:** The environment minister insisted that government efforts to clean up the city's smog were having beneficial results, but green groups were left gasping at his audacity. Comparing data from the last nine years for a 10-week period from May to July, this year had seen the fewest days with high pollution, said Edward Yau, the new environment minister. But green groups and academics cast doubt on assertions this was a result of government measures, saying prevailing winds had just as much impact on air quality.

### Varia

**Press freedom declining, says media body:** HK's press freedom has diminished in the past decade, with Chief Executive Donald Tsang using the media to his advantage more effectively than his predecessor, according to the HK Journalists' Association. It said media self-censorship had increased while the government tightened control on the flow of information.

**Population not ageing as fast as once feared:** HK's population won't age as fast as thought, thanks partly to a surge in mainland mothers giving birth in the city, but the proportion of elderly people will still more than double in the next 30 years, new government forecasts predict. By 2036, the population will increase to 8.57 million. Despite the low fertility rate of local women, there are about 30,000 births in HK to mainland women every year. "These babies will become a steady supply of new blood. Although many of them may return to live on the mainland after birth, they have residency here and a majority of them will come back here before the age of 21."

**International schools 'need high priority':** The government must give higher priority to expanding international schools to tackle long waiting lists that are damaging HK's competitiveness, according to a study released. The study commissioned by the American Chamber of Commerce revealed that the total number of students on the waiting lists was 1,654. The report calls for the government to give higher priority to expansion requests from international schools. It also proposed the administration set up a one-stop shop to

streamline the process of applying for buildings and land and co-ordinate schools' dealings with the 14 departments and agencies more efficiently.

### **Macau**

**Former Macau minister in court:** Former Macau minister Ao Man-long attended a pretrial hearing at the Court of Final Appeal. Last month, public prosecutors charged the former secretary for transport and public works with taking bribes, abuse of power, money laundering and possession of huge assets from unknown sources. Under Macau's laws, a minister who has allegedly committed any work-related offence can only be tried in the Court of Final Appeal.

**Macau's lesson for HK on saving the past:** HK has much to learn from Macau in terms of conserving and protecting its heritage and should offer land swaps to preserve privately owned heritage sites, a group of HK legislators said.

### **Press articles related to Switzerland**

**Switzerland recognises market economy status of China (Metro, 13.7.2007):** After a meeting between the Chinese Minister of Commerce Bo Xilai and Doris Leuthard, the Head of the Swiss Federal Department of Economic Affairs, in Beijing on July 8, Switzerland announced to recognise the full market economy status of China. Both parties will positively launch a feasibility study on the Sino-Swiss free trade region. Switzerland is the 75th country to recognise the full market economy status of China. The issue of non-market economy often puts China in a difficult position during anti-dumping investigations. At present, the EU, the USA and Japan have not recognised China's full market economy status.

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