

Economy + Finance

HKMA sells HK\$7.8b to rein in dollar: Persistent demand for the HK dollar, plus speculation about the currency peg, prompted a massive intervention by the HK Monetary Authority, which injected HK\$7.8 billion into the banking system - the largest amount since December 2003. The HKMA stepped into the market five times, but the local currency, which is pegged to the US dollar, remained firm, persistently hitting HK\$7.75 to the US dollar, the upper limit of the established trading band.

Yam insists dollar peg will remain: HK's financial regulator insisted it has no intention of changing the "well-functioning" fixed-exchange rate mechanism that has served the city for more than two decades. A day after injecting HK\$7.8 billion into the banking system as the local dollar touched the strong side of its trading band, HK Monetary Authority chief Joseph Yam said: "The government has been very clear in its financial policy and is committed to maintaining the peg."

HKMA warns of threat if US does slow seriously: HK's growth may be affected by a significant slowdown of the US economy, according to an economic update report to be presented to the Legislative Council by the HK Monetary Authority. The city's de facto central bank said recent global fallout caused by the US subprime mortgage problem has had little impact on the local banking system and the real economy. "HK's banking sector has limited direct exposure to the global credit market," the HKMA noted. However, if the housing difficulties spill over to other sectors - especially consumer spending - the impact on HK would likely be larger, it warned.

Negative signals send HK shares plunging: The HK market posted the largest one-day points drop in its history following Premier Wen Jiabao's comment that a plan to allow individual mainland investors to buy HK stocks directly might be postponed. The Hang Seng Index plunged 5.01%, the biggest fall in the region on a day of losses. Premier Wen warned that several hurdles would have to be cleared before the so-called stocks "through-train" proposed in August could get under way.

Trade chief warns of Macau threat: HK must not lose its market-leading position as the hub for conventions and exhibitions in the face of growing competition from Macau. "HK must have the determination not to lose its status as leader of the pack in holding conventions and exhibitions," said Jack So the new chairman of the HK Trade Development Council. "Conventions and exhibitions are not only important for HK's tourism but also lead to actual deals signed, and are crucial to export businesses for industries both local and mainland."

Yam fears pricey stocks headed for fall: The high valuation of HK stocks may trigger a sharp correction, HK Monetary Authority chief executive Joseph Yam warns. HK stocks now traded at 22 to 23 times corporate earnings, compared with the historical average of 14 times, Mr Yam said. "One standard deviation from the average is 19. For all occasions that HK was trading above a standard deviation, it would be followed by sharp adjustment downwards."

Drop in firms opening new offices in HK: The number of foreign and mainland companies with offices in HK may be at a record high, but analysis of government figures shows a big drop in new offices opening and fewer big companies setting up in the city. In the first five months of the year, 63 companies opened offices employing 381 people. If this trend continues, about 150 firms will have set up offices this year, employing about 900 people - down nearly 30% from the number employed last year and a drop of more than 90% from the number in 1997.

Rogers urges SAR to ditch HK dollar in yuan switch: Investment guru Jim Rogers said the SAR government should adopt the yuan as the official currency of the territory. The HK dollar is a historical anomaly, he said. "This is 2007; I don't know why the HK dollar exists any more. You have a gigantic neighbour who is becoming the most incredible economy in the world."

Fresh nine-year low as jobless falls under 4pc: HK's unemployment rate unexpectedly fell to a fresh nine-year low in the August-October period, as strong domestic consumption amid the booming stock and property markets helped create more jobs. The jobless rate for the three-month period ended October 31 dropped to 3.9%, from 4.1% in July through September, according to figures released by the Census and Statistics Department.

Action on cards to offset pressure of inflation: Financial Secretary John Tsang said the government is concerned about accelerating inflation and will take measures to ease problems faced by people who are not well off. The consumer price index hit a nine-year high at 3.2% last month compared to September's 1.6%. "The economy is exposed to many external factors," Tsang said.

Domestic politics

DAB emerges as big winner in elections: The pro-Beijing political party DAB was the big winner in this year's District Council elections. The party had won almost double the number of seats it gained in the last election four years ago – 115 from a total of 405. About 60 seats went to the Democratic Party – representing a success rate of 55.5 per cent – down from a 79 per cent in 2003.

Turnout may have slipped but all the signs are positive: On the face of it, public enthusiasm for the district council elections has cooled since the last polls were held in 2003. Turnout failed to match the record 44.06% of four years ago. The drop can be attributed to a number of obvious reasons. The economy is in much better shape than it was four years ago. The unemployment rate is now at a much lower level. The overall mood of society about the state of HK is largely positive. Four years ago, the depth of discontent with the Tung Chee-hwa administration had driven people to vote with their feet on July 1 and with their ballots at the district polls four months later.

Relations HK - Mainland China

Talks this year on next phase of Ceps pact: Discussion on the next phase of the free-trade pact signed four years ago between HK and the central government will begin by the end of the year, a senior HK trade official said. Yvonne Choi, the permanent secretary for commerce and economic development, said the focus of the next phase of the Closer Economic Partnership Arrangement (Ceps) would be on implementing provisions agreed earlier, such as ways to simplify and standardise procedures.

Involve HK in national plan, Tsang urges Beijing: Chief Executive Donald Tsang has asked the central government to get HK involved in the nation's 12th five-year plan at an early stage. Such involvement, which would be the first of its kind, would include the special administrative region in the national development blueprint for 2011-2015.

Wen's 4 ways for HK to up its game: Premier Wen Jibao warned HK of the fierce competition it faced from neighbours and gave Donald Tsang four tips for bolstering the city's competitiveness. The chief executive was making his first duty visit to Beijing since his re-election. He said he was assured by various leaders of the central government's support for HK's status as an international financial centre. He also received reassurances about the prospects for the delayed "stocks through-train" allowing mainland investors to buy HK-listed shares directly. Wen Jibao suggested four ways to enhance competitiveness - boosting technological innovation, improving knowledge, nurturing talent and ensuring environmental conditions were good. He pointed out that foreign enterprises were very concerned about the state of the environment, and the legal systems, of places where they conducted their business.

Transborder affairs

Shenzhen mayor's visit to boost metropolis idea: Shenzhen Mayor Xu Zongheng will visit HK soon to sign agreements on enhancing co-operation in a move that is set to boost efforts to create a single metropolis and economic powerhouse. The confirmation of Mr Xu's visit came after Shenzhen's planning bureau unveiled a development blueprint for the years up to 2020 that for the first time incorporated the idea of "joining hands with HK to develop an international metropolis".

Guangdong assures SAR of water supply: Water supplies to HK will not be affected by Guangdong's plan to cap water extraction from the East River, or the Dongjiang. Mainland officials reassured a HK delegation on a visit to the river that they would adhere to the agreement with HK and give priority to its water supply. The chairman of the advisory committee on the quality of water supplies, Ho King-chung, said they were told the cap was still a proposal. The concession is given despite Guangdong's bleak future of a huge water shortage due to pollution and inefficient use.

Legal affairs and human rights

Minimum wage 'will hurt HK competitiveness': Introducing a statutory minimum wage would not improve the quality of life of low-income workers and will harm HK's competitiveness, an employers' representative on the Labour Advisory Board warned. Board member Ho Sai-chu said minimum wages were often set at a level that was lower than the median wage in a market, according to experience in other countries. "The law will make HK less competitive in the eyes of global investors," Mr Ho said. "Also, the minimum wage is often set at about 70 per cent of the median wage - which means it is even lower than the market average.

Measuring up in fight against dirty cash: A team of international experts will begin an investigation into how HK measures up to global standards in the fight against money laundering and terrorist financing. The probe comes amid fears in some quarters that HK could be viewed as a target of money launderers fleeing draconian measures taken by countries in the front line of the "war on terror", like the United States and Britain, according to a law enforcement source. It has also increased the pressure on non-financial businesses and professions to be more proactive in reporting what they suspect could be shady deals.

Government insists exemptions to UN rights covenant still apply: The government has released its response to criticisms by the UN Human Rights Committee about universal and equal suffrage for the Legislative Council, right of abode, media independence and investigation of complaints against the police. The report, sent during the summer to the UN panel, covers HK's compliance with the International Covenant on

Civil and Political Rights. A human rights groups called the report "the most insincere and carefree" it had seen in more than 10 years.

Health

Psychiatrists raise alarm on health care: HK must at least double its number of psychiatrists in the next decade to meet a rising need for mental health treatment, experts say. The College of Psychiatrists, the top psychiatric training body, recently presented its estimates to Secretary for Food and Health York Chow. It says about 15% of HK people suffer from various forms of mental illness, 3% of whom have serious illnesses.

Food tracking system for world urged: Food and health chief York Chow has called for a global electronic tracking system to boost food safety. He said countries should strengthen ties to create an international electronic health certificate system so harmful food can be traced "with laser precision." Chow was speaking at the High Level International Food Safety Forum in Beijing.

Environment

A Proposal to Ban Idling Vehicles with Running Engines: The Government launched a public consultation on 2 November 2007 on a proposal to ban idling vehicle engines. The Secretary for the Environment, Mr Edward Yau said as he unveiled the proposal that the Government is determined to take all necessary action to improve air quality.

Polluters to face roll of shame in online campaign: A new website will name and shame major offenders who breach air pollution standards in HK and other parts of southern China. The site, to be launched by the World Wildlife Fund, will list industries, companies and investors who violate pollution regulations. The green group will team up with the Institute of Public and Environmental Affairs for the project, which will bring together dispersed government data with the aim of enforcing environmental regulations.

Culture and Education

HKU in world's top 20, Chinese University 50th: The University of HK was judged one of the 20 best universities in the world in an international ranking. HKU leapt 15 places to 18th position in The Times Higher Education Supplement-QS World University Rankings 2007 - coming just behind the University of Tokyo, Asia's top scorer in 17th place. HK also improved its overall showing in the ranking of world-class universities. Chinese University jumped 12 places to 50th position, while HK University of Science and Technology and City University both rose five places to 53rd and 149th, respectively. But HKUST is still short of the 43rd position it held in 2004, when the ranking was launched.

SAR children are tops at their ABCs: The reading ability of HK children is the second highest in the world, according to results of a global study. International Education Achievement, which studied 215,000 students in 44 countries, said HK ranked second in reading comprehension - just behind Russia and ahead of such developed countries as England, the United States and Canada.

Macau

Macau chief faces tough task in policy address: Amid breakneck growth and pressing social ills, Macau Chief Executive Edmund Ho will deliver his eighth and most challenging policy address tomorrow (12.11.2007). Political reforms, labour laws, public transport and social welfare are expected to be the focus of his speech. Given the city's worsening social problems, critics say mapping out next year's policies poses a daunting challenge to Mr Ho, who will step down in August 2009. "This policy address will be not only for the government but also for Mr Ho himself - he will need it to save his reputation," legislator Jose Coutinho said.

Rising discontent, reforms to hold key for Ho in policy address: Public discontent and continuity in key government-led reforms are expected to be the focus of Chief Executive Edmund Ho's policy address. Social problems linked to worsening living conditions, the widening gap between the rich and the poor, and corruption in government have fueled a general lack of belief in the administration's will and ability to "make things right." These problems, coupled with accusations of a general lack of transparency in the operations of the administration, have badly tainted Ho's government.

Macau chief acts to ease 'snowballing' social woes: (...) Mr Ho also admitted "inadequacy" in estimating and coping with social problems that surfaced in the city's economic development. "There is lots of room for improvement when it comes to our judgment on new social developments and our ability to act early," he said.

Macau may raise casino entry age to 21: The Macau government is considering raising the casino entrance and working age from 18 to 21, in a move that could ease public criticism of the booming gaming industry but could also hit casino profits and job opportunities for young people. Chief Executive Edmund Ho said it was impossible to let gambling expand infinitely, "otherwise social costs will mount".

Boom time for Macau real estate workers: Professionals in the Macau property sector beat their HK counterparts when it came to pay rises this year when their salaries rose by twice as much as those in HK. A salary survey by the Royal Institution of Chartered Surveyors (RICS) and Macdonald & Company in September and October found that Macau real-estate professionals enjoyed a 16.6% salary rise, while pay for comparable workers in HK rose 8.7%, and 9.5% on the mainland.

Varia

Census boss talks up hopes of boosting HK's population: If HK is to realize Chief Executive Donald Tsang's vision of a population of 10 million, tax concessions for parents, and family-friendly employment practices could play a crucial role, the census chief said. And while HK is an ageing society because of the fall in births, Commissioner for Census and Statistics Fung Hing-wang was not altogether pessimistic about the prospect of that changing. "The forecast indicates possible problems in the future," said Mr Fung. "If we address them now, it is not impossible we can reverse the trend."

Local firms put profits before social welfare: A study of HK companies has found only a basic level of awareness of corporate social responsibility, with most firms interested in the concept only if it helps their commercial interests. The report found HK companies were "very good" in terms of ethical treatment towards customers and "rather good" in terms of environmental protection. But their performance in promoting employees' welfare was only "moderate", and their social contribution was "unsatisfactory".

HK block on warships perplexes US military: The top US military commander in the Pacific said he was "perplexed and concerned" by Beijing's last-minute decision to deny a US aircraft carrier entry to HK for a scheduled port visit. He also revealed that the incident was the second time in a week that US Navy ships were refused entry to HK. The USS Kitty Hawk and its escort ships were due to dock in HK for a four-day visit until they were refused access, disappointing hundreds of family members who had flown to HK to spend Thanksgiving with the sailors and airmen.

Planning push on population: Lawmakers called on the government to set definite development parameters when planning how to accommodate a population totalling 8.4 million by 2030. The Development Bureau released its final version of HK 2030: Planning Vision and Strategy in mid- October as a planning framework to guide the city's development over the next two to three decades. The report estimated HK's population will hit 8.4 million by 2030, up 1.4 million the seven million estimate made in July.

Press articles related to Switzerland and Swiss matters

Swatch moves into retailing (SCMP, 5.11.2007): As foreign watch brands rush to gain a mainland foothold and expand using local distributors, market leader Swatch Group is focusing on getting closer to its customers by moving into retailing, said Kevin Rollenhagen, a member of the company's extended management committee responsible for Greater China. Swatch, which opened seven stores simultaneously at the Venetian Macao Resort last Thursday, dominates the scene with a market share of 25 per cent of product sales worldwide and ownership of brands such as Omega and Longines.

Killer returns home to hero's welcome (The Standard, 14.11.2007): A Russian architect, convicted of killing a Swiss air traffic controller he blamed for the death of his wife and children, said after being released from jail that his main desire is to visit the family grave. Vitaly Kaloyev, who last week was ordered released by Switzerland's highest court, left a Zurich prison on Monday and arrived in Moscow early yesterday. On his return to Moscow, he was given a hero's welcome as "a real human" by members of a pro-Kremlin group.

Subprime ills hit largest reinsurer (The Standard, 20.11.2007): Swiss Re, the world's biggest reinsurer, became the latest casualty of the subprime debt crisis as it revealed a 1.20 billion Swiss franc writedown related to credit default swaps. Swiss Re said the losses stemmed from default protection written on portfolios mostly of mortgage-backed paper, reflecting how far the turmoil in the credit market has hit financial firms like banks, insurers and hedge funds.

Thun suspects admit sex with minor (The Standard, 22.11.2007): Swiss authorities have accused six current and three former FC Thun football players of having sexual relations with a minor. Five other individuals, who are not football players, also have been accused, the office of the investigating magistrate of the Bernese Alps said. Bern police last week temporarily arrested a dozen FC Thun players and others on suspicion of having sex with a 15-year-old girl.

'Wonder knife' edges into the record books (The Standard, 23.11.2007): You would not want to use it to carve a Thanksgiving turkey, but if you need to push a cuticle, measure a tire tread, clean a golf club or adjust a bicycle spoke, this is the knife for you. A Swiss Army knife that weighs nearly 1.4 kg has been inducted into the 2008 edition of Guinness World Records for "most functions on a penknife." The latest version of the knife has 87 tools and at least 115 uses, according to Wenger North America, the US distributor that announced the induction.

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