

Economy + Finance

HK will lead billion-dollar boom in region's wine trade: HK will dominate the region's booming trade in wine after scrapping the 40% wine duty and reap valued-added economic benefits expected to top HK\$1 billion by 2012, a study has found. The economic benefits, including the creation of thousands of jobs, were projected to reach almost HK\$3 billion by 2017, said the HKTDC.

HK still the leader in private banking: Forget what you've heard about the private-banking boom in Singapore stealing the limelight from HK. HK still beats Singapore, with assets under management of US\$350 billion compared with US\$250 billion in Singapore, according to a report released by Singapore-based consultancy Calamander Group. And regardless of who's on top, the pie is getting bigger. Their findings show Swiss behemoth UBS is on top, controlling US\$100 billion of wealth in Asia ex-Japan.

Beijing may open lines elsewhere for 'through train': The so-called "HK stock through train" program will not be the only means by which mainlanders can invest overseas directly. Zhou Xiaochun, governor of the People's Bank of China, said in order to curb overheating and overcapacity at home, Beijing will continue to increase channels for excess liquidity to go overseas. "There will be more than one way and one choice for overseas investment," he said. Despite officials denying the individual overseas direct investment program has been scrapped, Zhou's comments marked the first indication the plan has been modified - dashing hopes that the local stock market would be the sole beneficiary.

HK firms flee surging operating costs in Pearl River Delta: A number of HK's small and medium-sized enterprises are withdrawing from the Pearl River Delta as the region's operating costs continue to soar, a Federation of HK Industries survey shows. Respondents to the survey were mainly federation members, most of them SMEs manufacturing or operating out of the delta. Some 15% said they were considering moving their production facilities out of the mainland while 20% said they planned to close down their businesses altogether. Companies have been stung by rising costs brought about by new policies such as the labour contract law, reduction of tax concessions for the processing trade and the appreciation of the yuan.

Jobless rate expected to fall further after hitting lowest level in 10 years: HK's jobless rate has dropped to its lowest level in 10 years and academics predict it will drop further towards the end of the year. Census and Statistics Department figures showed unemployment in December-February was 3.3%, down from 3.4% in November-January.

Pay increases failing to keep up with living costs: Pay rises are lagging behind inflation as overall consumer prices rose 6.3% last month, the highest in a decade. Salary increases averaged 4% this year, according to a survey by the Institute of Human Resource Management.

Domestic politics

Ideas but no plan in health reform paper: Health chiefs will present the public with six options for future health financing - including higher taxes and various medical saving and insurance schemes - rather than setting out firm proposals, in the latest effort to kick-start long-delayed consultation on the vexed issue. The document, seen as a "discussion of basic principles", is being pushed out partly to ease government embarrassment over repeated delays, even though officials acknowledge the reform plans are not ready. Fresh consultation on a set of concrete proposals is expected to be launched after the Legislative Council election in September. Medical sector leaders have criticised the latest move as a political ploy to buy time.

Insurers' fee to be capped at 7pc in health revamp: Administration fees for mandatory health insurance schemes would be capped at 7% if the community chose that option in the medical financing revamp, a government source said. The estimate is based on both the model used by Switzerland and additional statistics obtained by the government. Under the current voluntary insurance scheme, 30% of the premium goes toward administration costs and the insurers' profits. The government is also keen to adopt a basic plan under which insurers will not make profits, which follows the Swiss model.

Health-care reform must go ahead: The government will not give up easily on its controversial health-care reforms and will make a decision in due course, the health minister says. Secretary for Food and Health York Chow said it was encouraging that the bureau had received more than 200 e-mails during the first week of the three-month public consultation. "Whatever the voices are, it is a good sign that we have raised a discussion in the community," he said.

Functional constituency issue spurs move against bigger Legco: Pan-democrats on the government's key advisory body for political reform indicated they would oppose any increase in seats for the 2012 Legislative Council election. They said this would bind even more vested interests with the functional constituencies, creating more obstacles to their abolition.

Rita Fan to stay on as president of Legco: Rita Fan will stay on as president of the Legislative Council despite concerns over a possible conflict with her new role as HK deputy to the Standing Committee of the National People's Congress. Her decision came after lawmakers gave near-unanimous support for her to remain as Legco president, despite the fact that she has formally taken leave from the Standing Committee and will not take part in any of its meetings between now and July 18, when Legco starts its summer recess.

Relations HK - Mainland China

President Hu bows in thanks to HK and Macau: President Hu Jintao bowed towards the HK and Macau delegation after expressing "heartfelt thanks" for the former colonies' roles in the country's development and their help for victims of last month's disastrous snowstorms. He reiterated that the country would serve permanently as a "strong backing force" for the prosperity and stability of the two cities and said Beijing's policies were always designed for their good. He called on the governments and societies of HK and Macau to join hands to develop their economies and proceed with gradual democratic development.

End democrats' travel ban, delegate urges: Elizabeth Wang, a HK delegate to the Chinese People's Political Consultative Conference, has proposed that all pan-democratic legislators be granted home return permits. She said allowing pan-democrats to visit the mainland would enable them to observe the country's development in the Beijing Olympics year.

Chief: more work, less talk: Chief Executive Donald Tsang suggested that he would "work more and speak less" on improving communication between pan-democrats and the central government. "I certainly support those who take part in politics in HK, including all legislative councillors, exchanging ideas with the central government. But as you all know, we have some work to do and, on certain matters, we should work more and speak less," the chief executive said.

Transborder affairs

Expert questions bridge's benefits: A mainland expert raised doubts over the economic benefits of the planned HK-Zhuhai-Macau bridge, a day after the three sides struck a deal over the financing. His remarks coincided with calls by some HK truck drivers to allow drivers of all vehicles without mainland driving licences to use the facility, or else the bridge could end up becoming a white elephant. An agreement was reached among the governments of HK, Guangdong and Macau on the financing arrangements for the bridge. The construction costs will be shared among the three sides, based on the estimated economic benefits brought to each area.

Stanley Ho looks to bridge casino boost: Macau's casinos will gain the most from the proposed HK-Macau-Zhuhai Bridge, for which funding arrangements were decided, gaming magnate Stanley Ho said. Mr Ho, chairman of Shun Tak Holdings, said the company would submit a construction tender for the bridge if there was an opportunity. "The project will benefit all three places," he said, "Macau's passenger flow will increase, as the travelling time between there and HK will be shortened. In the past, even if you took the quickest ferry it would take more than an hour, but in future it will be a 20-minute car ride."

HK, Macau, Guangdong should form megalopolis: Guangdong's new party chief will initiate the establishment of a "special co-operation zone" with HK and Macau to create the biggest megalopolis in China, according to a media report. In a study on strengthening co-operation between the three administrative regions, Guangdong provincial party secretary Wang Yang, who is also a member of the Communist Party Politburo, will put forward a proposal to enhance economic and cultural exchanges, the pro-Beijing Wen Wei Po reported yesterday. A source said the proposed "special co-operation zone" would assemble a free-trade area with its own tariffs, and administrative limitations under "one country, two systems" would be lifted to enhance the free flow of passengers, goods and funds.

Shenzhen mayor pushes twin city concept for HK: Shenzhen and HK have the potential to become the largest, most powerful metropolitan innovative zone in China, according to Shenzhen mayor Xu Zongheng. "There are many possibilities for cooperation between the two cities, especially in finance and boundary-crossing facilities," Xu said. The two cities could form an influential zone at regional and international levels, making the duo more competitive, along the lines of San Francisco and Boston in the United States. Cooperation between the two cities, he added, would be implemented in keeping with the "one country two systems" principle.

Bridge to link delta will cost 42b yuan: The bridge linking HK to Zhuhai and Macau will cost 42.2 billion yuan (HK\$46.2 billion) to build and it will take 36½ years for the developer to recoup this through tolls, according to Guangdong Governor Huang Huahua. That sum - which is higher than earlier estimates - does not include the cost of constructing and operating boundary-crossing facilities and connecting roads, which will be shared by the three governments on a cost-to-benefit ratio.

Legal affairs and human rights

Anson Chan questions political will on race bill: Ahead of a UN meeting in Geneva that will discuss HK's proposed racial-discrimination legislation, lawmaker Anson Chan has said the government's handling of the issue "reflects a lack of political will". The UN Committee for the Elimination of Racial Discrimination will meet to discuss HK's race discrimination bill, which was tabled for lawmakers' consideration in December 2006. Representatives from different human rights groups, HK Bar Association chairman Rimsky Yuen and Margaret Ng, chairwoman of the bill's committee, will attend the Geneva meeting, but no representative from the HK government will be

there. Legislators and rights groups are frustrated that the government has not been willing to remove clauses in the bill that exempt the government from legal liability.

HK at risk of attack by UN on race bias law: HK could face criticism from a United Nations panel if proposed laws against racial discrimination fail to eliminate bias. The UN actions could include sending letters of criticism to the government or, worse, labelling the issue as an "urgent action", which would effectively put the city government on its watch list, local delegates attending a hearing under the UN Committee on the Elimination of Racial Discrimination said. That would be a serious embarrassment to the authorities, the activists said.

US report concerned over HK's lack of universal suffrage: The HK government generally respected human rights of its citizens, but core problems remained including the absence of universal suffrage, a United States State Department human rights report said. "The legislature was restricted in its power to affect government policies. Claims of press self-censorship persisted, violence against women remained a problem, and workers were not guaranteed the right to bargain collectively," the report said.

Union demands equal time off for workers: Unionists want labour laws revised to allow blue-collar workers five more public holidays a year. The campaign, led by the Confederation of Trade Unions, seeks to scrap the practice of having separate sets of holidays for blue-collar and white-collar workers. The confederation wants to make all 17 public holidays statutory paid holidays for every worker. About 2 million workers in HK - or 60% of the 3.5 million total - are entitled to only 12 paid public holidays a year, lawmaker Lee Cheuk-yan, general secretary of the confederation, said. Most work in the catering, retail, transport and construction sectors.

Falun Gong cries foul over stricter entry regulations: The Falun Gong has slammed HK's strict immigration control in the run-up to the August Olympics, claiming it has prevented 80% Taiwanese members from attending a human rights awareness event in the territory. (...) The government has banned hundreds of practitioners from entering the territory over the past few months.

Health

Alarm at rising number of crack cocaine addicts: Doctors and social workers are concerned about the rising number of drug addicts seeking treatment for crack cocaine abuse. They are worried that the drug's plummeting price - down at least 40% in the city since the middle of last year - as well as its growing popularity, is responsible for a surge in use in some of the most disadvantaged areas of the city.

Flu fight recalls dark days of Sars: Health authorities announced a string of contingency measures to combat flu that recalled action taken during the Sars emergency five years ago. The measures, including shortened visiting hours in public hospitals, daily announcements of outbreaks and a public-education campaign, came five days after the death of a three-year-old girl in Tuen Mun.

All primary schools shut to curb flu outbreak: All primary schools, special schools, nurseries and kindergartens will be closed for two weeks from March 13 amid the city's flu outbreak, the health chief announced. The move comes as it was revealed a 21-month-old baby died late last month and a three-year-old boy was moved to intensive care suffering from severe flu symptoms. This follows the deaths of a three-year-old girl, 27-month-old boy and a seven-year-old boy who were suffering from flu-like symptoms. An expert committee is investigating the cause of the three most recent deaths.

No sign of deadly flu attack: The deaths of three children with flu-like symptoms did not mean HK was facing a deadly influenza outbreak, an expert panel investigating the cases revealed. Yuen Kwok-yung, who heads the expert panel, said that while the two children, aged three and seven, who died at Tuen Mun Hospital tested positive for the H1 flu virus, they may have had other health problems which contributed to their deaths.

Grey population boom poses health cost challenge: HK had to reform its healthcare system in future to deal with a growing population of elderly people and rising healthcare costs, Chief Executive Donald Tsang said. Mr Tsang made the comments following a launch of a three-month public consultation on healthcare reform by the Food and Health Bureau. Secretary for Food and Health York Chow said an introduction of supplementary financing was a necessary measure to support healthcare reform.

Culture and education

Research casts doubts on mother-tongue education: The mother-tongue education policy is not helping students gain entrance to university, the author of a seven-year tracking study said. Tsang Wing-kwong said his studies showed that English had become the "educationally profitable linguistic capital". He is a Chinese University professor of education and associate director of the Institute of Educational Research.

Macau

Economy expected to grow by 13 percent this year: The growth of Macau's economy is forecast at 13% as compared with 27% 2007, according to a report from the Macau delegation of the Bank of China. According to the report, the slowdown in world economic growth will "certainly" have an impact in Macau but due to the dynamic development of the tourism and entertainment industries and increased investment in fixed assets Macau will maintain two-digit growth despite it being lower than in 2007.

Macau's high-rollers outstrip Vegas: Macau is now twice the size of the Las Vegas Strip in terms of gambling. According to the Nevada Gaming Control Board, the Las Vegas Strip recorded gaming revenues of US\$597 million (HK\$4.6 billion) in January, or about 4.8 billion patacas. Meanwhile, Macau reported an all-time

high of 10.3 billion patacas of gaming revenue in January. The Macau revenues are now twice as large as those from the Vegas Strip. "VIP remains the key differentiating characteristic between Macau and Vegas," Citi analyst Anil Daswani said.

Scandal puts brakes on Macau developments: High-profile property developments in Macau are facing significant delays and the government approval process has become "unforeseeably protracted" in the wake of the corruption scandal that brought down former secretary for transport and public works Ao Man-long, according to Speymill Macau Property. The scandal "has effectively held up the development pipeline by at least six to 12 months and this may have an impact in both tightening the supply situation and lengthening the timeframe to secure investments," the London-listed company said in a stock exchange announcement. Several big developers have faced approval delays for Macau projects, but Speymill Macau is believed to be the first firm to walk away from a major investment due to the issue.

Macau tops Asia's rich list, but try telling that to the poor: Name the richest place in Asia. Japan? Singapore? Maybe resource-rich Brunei? All used to be contenders, until last year. But Asia's erstwhile wealthiest states have been trumped by a rival up-and-coming economy. The richest place in Asia is now Macau. The casino boomtown's per capita gross domestic product surged 26% in current values to US\$36,357 last year, according to the Macau statistics and census service.

Crowded Macau takes Monaco's title: Monaco has long been known as the world's most crowded gambling enclave, but according to new figures, Macau has finally stolen its crown, with its population surging 4.7% to 538,000 at the end of last year. An influx of migrant workers drove the population boom, accounting for 82.1 per cent of Macau's 25,000 new faces last year, according to government data.

Varia

Heat on over timing of third runway: The government has come under fire for dragging its feet on planning for a third runway when the two now in service at the HK International Airport could reach capacity by 2014 - years before a third runway could be ready. The criticism came despite an announcement by Financial Secretary John Tsang that the Airport Authority is to start engineering and environmental feasibility studies some time this year.

Third runway fails to lift legislators: Construction of a third runway at HK International Airport will be meaningless as the SAR's airspace is restricted, several lawmakers say. The need for an extra runway was questioned at a Legislative Council panel meeting, with legislators saying the SAR's air space could not be expanded due to its proximity to airports in Macau, Zhuhai and Shenzhen.

'HK is falling short of greatness' - Cash is king but we need more culture, says British consul general: HK's focus on "cash generation" will leave it on the siding of history - and far short of being the London or New York of East Asia, British consul general Stephen Bradley warned. In a humorous, often self-mocking farewell speech, Mr Bradley expressed sadness at leaving the city after he completes his term next month, and a belief that the city's spirit would continue to overcome challenges ahead.

Weak HK dollar drives shopping euro further: A shopping trip to HK has become much cheaper for Europeans, thanks to the city's weakening currency, which is pegged to the US dollar, a survey by Swiss bank UBS has found. But it is still the fourth most expensive city in Asia for tourists. The latest UBS study listed Oslo, Copenhagen and London as the top three dearest cities, excluding rent.

HK ready for protests: The police will do a good job at ensuring law and order if protests break out during the Olympic equestrian events, Hong Kong's police chief said. Commissioner of Police Tang King-shing said the force had received information that protests by foreign groups would be staged in the city during the Games. He said the force would contact the protest groups to sort out the logistics as soon as possible.

Press articles related to Switzerland and Swiss matters

Swiss bank's boss gets a huge pay cut: UBS cut its chairman Marcel Ospel's pay by 90% after Europe's largest bank by assets reported the biggest-ever loss by a bank. Ospel, 58, made 2.57 million Swiss francs last year, down from 26.6 million francs in 2006. He has come under pressure from investors after US\$19 billion in writedowns tied to the collapse of the US subprime mortgage market. "Everybody thought UBS had the smartest guys making the smartest trades," said Joerg de Vries-Hippen, from Allianz Global Investors in Frankfurt. "It turns out they made some of the dumbest."

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