

Economy + Finance

Exhibitors stay away from travel expo over swine flu fears: Fears about the spread of human swine flu have forced American, British, German, Mexican and Finnish exhibitors largely to forgo next week's International Travel Expo, according to the exhibition organiser. The absence of exhibitors from these major, long-haul tourism markets, which have reported cases of A(H1N1), is a significant setback for the expo this year.

HK office rents decline 30pc as global financial crisis takes toll: HK's previously supercharged office rents are in a tailspin, slumping almost 30% in the first quarter as the global financial crisis continued to hit home. The city recorded the third-biggest decline in office occupancy costs after Singapore and New York in the first three months of the year, according to a global survey by property consultant CB Richard Ellis. With downsizing and cost-cutting measures continuing apace, occupancy costs in Central dropped 29.9% year on year to HK\$97.14 per square foot per month, CBRE said.

Axing wine tax 'was good policy': Scrapping wine duties was "good tax policy" for HK, according to Timothy Forbes, chief operating officer of Forbes Inc. "I think HK's circumstance in particular demonstrates the virtue of good tax policy - that, in eliminating that duty, HK has become a market hub," Mr Forbes said. "There's no question, good tax policy stimulates economic activity."

Property prices rebound above pre-crisis levels: Property prices at six major HK housing estates have rebounded recently and now exceed the levels reached just before the outbreak of the global financial crisis in late September last year, according to a property agency. Taikoo Shing posted the strongest recovery among the estates with the average price climbing 34% from its bottom in December last year to HK\$7,053 per square foot last month. That is 6.2% higher than the level reached before the crisis in September.

HK economy to contract 9.1pc this year: Fitch Ratings revised downward its forecast for HK's GDP, saying it would contract by 9.1% this year, much more severe than other forecasts that predicted a fall of between 3% and 7%. Fitch's forecast was the lowest, with Moody's estimating a fall of 7%, and the government a drop of 6.5%. Credit Suisse and JPMorgan expect the economy to contract by 5%, while Morgan Stanley forecasts a 3.8%. Chief Executive Donald Tsang responded by saying HK's economy was fundamentally good and the financial sector was stable, and that he believed the stimulus plan would help the economy.

HKMA to consult market on liquidity proposals: The HK Monetary Authority will consult the banking industry on proposals to revise the liquidity regime in phases before the end of next year, according to Karen Kemp, an executive director of the de facto central bank. "The current crisis highlights the importance of liquidity risk," Ms Kemp wrote in the authority's website. "This will be a challenging task. But as in the case of implementing Basel II, we are committed to strengthening the liquidity regime, which is another cornerstone for maintaining banking stability in HK."

HK passenger numbers dive: HK International Airport handled 3.6 million passengers in May - a sharp drop of 12.7% over last year - due to the continuing global recession and the threat of swine flu, the Airport Authority said. Visitor arrivals - the main culprit behind the decline - plunged 20%. "In May, both air traffic movements and passenger throughput recorded significant drops," Airport Authority chief executive officer Stanley Hui said. Passengers from Southeast Asia, the mainland, North America, Taiwan and Japan recorded significant drops.

Container traffic falls 12pc in May: HK's port throughput fell 12.1% last month from a year earlier, the smallest decline since December as companies in the US and Europe placed orders to replenish fallen inventories. The city handled 1.79 million 20-foot equivalent units (teu) in May, again the highest amount since December, after slumping 20.2% to 1.68 million teu in April, according to estimates by the HK Port Development Council.

Jobless rate steady for first time in crisis: HK's unemployment rate held steady last month (5.3%) for the first time since the global financial crisis began, surprising economists and prompting hopes that the government's economic stimulus measures are having an effect. But economists and the government say the worst is not over and the unemployment rate is likely to rise in coming months as university graduates start looking for work.

Export forecast revised down as global gloom crimps economy: The Trade Development Council expects the gloomy export figures seen in the first quarter to continue for the rest of the year. Exports from HK in the January to March period fell the most in 55 years, contracting 22.7% year on year. The council now says the full-year drop in exports will also be the worst in 55 years, anticipating a full-year drop of 10 to 12%.

Tsang unveils plan for future: Chief Executive Donald Tsang says the government will adopt "new thinking" to tackle the land-shortage problem to enable the development of six new economic "pillars" that will help turn HK into a knowledge-based city. The initiatives, announced by Mr Tsang after the fifth and last meeting of the Taskforce on Economic Challenges, are part of the government's efforts to develop six knowledge-based industries: education; medical services; environmental industries; innovation and technology; cultural and creative industries; and food safety and product testing.

Property on up and up: Strong momentum in the residential property market is expected to continue in the second half of the year on favorable mortgage rates and expectations of an economic recovery, according to analysts. "The local residential market is anticipated to grow further given sustained liquidity in the system and more importantly, the expectations of a global recovery before the end of 2009," said Richard Kirke, HK managing director of property consultant Colliers International.

Deal signed on yuan settlement: Trade between HK and the mainland could be settled in yuan from as early as next month after the two sides signed an agreement expected to help further internationalise the Chinese currency. The memorandum of understanding between People's Bank of China governor Zhou Xiaochuan and HK Monetary Authority chief executive Joseph Yam will allow companies on both sides of the border to settle trade in yuan as well as other currencies. That move will boost HK's ambitions to become a yuan offshore centre and reflects Beijing's ultimate desire to make the currency freely convertible.

New share sales forecast to rebound to HK\$100b: Initial public offerings in HK are set to rebound, with PricewaterhouseCoopers lifting its forecast for funds raised from share issues this year to HK\$100 billion from a previous estimate of HK\$70 billion. Initial offerings are set to accelerate in the second half of the year as financial markets improve and proceeds from share offers increase fivefold from cash raised in the first six months.

Domestic politics

Minimum wage work 'too slow': A commission doing preparatory work on a statutory minimum wage will have recommendations ready for the government by the second quarter of next year, its chairwoman said. A unionist responded with criticism that progress was too slow.

Relief sufficient this year, says John Tsang: The government's relief measures are sufficient to battle against the financial crisis this year, according to Financial Secretary John Tsang. Mr Tsang noted that more than HK\$70 billion had been handed out since last year and described it as "a huge amount".

July 1 marchers pledge to send out a 'clear message' on suffrage: HK people should join the annual July 1 march to send a "clear message" to the government and press it to speedily introduce full democracy, organisers said. The high turnout expected this year is set to be bolstered by civil servants and other groups affected by the economic downturn, who said they would join the protest. Civil Human Rights Front members said the protest's themes this year would focus on a series of policy blunders, the widening wealth gap and the fight for universal suffrage.

June 4 (20th anniversary of Tiananmen massacre)

Dane's sculpture too hot to handle for Legco: A work by Danish sculptor Jens Galschiot to commemorate the 1989 pro-democracy movement went on display in the home of HK's own limited brand of democracy - but not for long. "Fragments of a Democracy Story" was put on show in the Legislative Council's ante-chamber for about 20 minutes, two days before the 20th anniversary of the Tiananmen Square crackdown. But it was moved to the secretary general's office after opposition by Beijing loyalists.

Zen on June 4 attack ahead of protest: The former leader of HK's Catholic Church voiced concern about religious freedom in the mainland and repeated his call for a re-evaluation of the 1989 pro-democracy demonstrations in Tiananmen Square. "I hope they really consider seriously the possibility of a reassessment of the verdict," Cardinal Joseph Zen said in a speech at the Foreign Correspondents' Club, three days before the June 4 anniversary. "It will not damage anyone, but it would be to the advantage of the whole nation."

Tiananmen dissident refused entry to HK: A student leader of the 1989 pro-democracy movement in Tiananmen Square was put on a flight back to New York after being refused entry to HK. Xiang Xiaoji said he had been told by immigration officials at Chek Lap Kok airport that he would not be allowed to enter. He had arrived to attend a series of June 4 memorial activities. Mr Xiang, convenor of the delegation of students who engaged in dialogue with central government leaders in Beijing before the June 4 crackdown, was detained after arriving from New York.

Activists of Tiananmen not blacklisted, security chief says: Security chief Ambrose Lee says exiled Tiananmen dissidents are not on the Immigration Department's surveillance list ahead of the 20th anniversary of the June 4 crackdown in Tiananmen Square. The minister said the list was not a blacklist. He did not explain why US citizen Xiang Xiaoji and Danish sculptor Jens Galschiot were turned away recently.

The people have not forgotten: History turned full circle last night (4.6.) when an estimated 150,000 candle-bearers illuminated Victoria Park to commemorate those killed in the 1989 Tiananmen Square crackdown - the same number who massed for the first vigil in 1990. But the number of mourners on the 20th anniversary of the crackdown was probably far higher. Thousands of people massed outside the jam-packed park, unable to enter. Organisers said 50,000 were left at the gates. Many in the crowd remarked at the number of young people present.

Relations HK - Mainland China (+Taiwan)

New panels to bolster HK-Taiwan links: Two non-governmental committees will be set up as a platform for economic and cultural talks between HK and Taiwan, officials have agreed. The news was announced during Secretary for Constitutional and Mainland Affairs Stephen Lam's groundbreaking visit to Taipei. Mr Lam met Mainland Affairs Council vice-chairman Fu Dong-cheng for a two-hour, closed-door meeting. The pair said

afterwards that two panels would be formed as soon as possible to boost exchanges in trade, investment, tourism, culture and other areas.

City urged to lobby for role in 5-year plan: HK might be left out of the central government's next five-year plan if it failed to lobby Beijing in time, the HK government said as it stepped up plans to include the city's six key economic areas in the nation's development strategy. In a paper to be discussed by the Commission on Strategic Development, the government said HK could capitalise on the national plan for development in the Pearl River Delta, and the city's efforts would be mutually beneficial.

Love China, love HK, leaders urge: About 300 political leaders, academics and professionals have signed a declaration urging HK people to meet the challenges ahead and foster a sense of "love China, love HK". The declaration calls for social harmony and a greater sense of responsibility among HK people to support the government.

Transborder affairs

HK-Shenzhen ties renewed: Co-operation between Shenzhen and HK remains on track despite the fall of mayor Xu Zongheng, his successor Wang Rong said in a visit to HK to renew contacts. Mr Wang said that since co-operation between the two cities was "very important", he had decided to pay Chief Executive Donald Tsang a visit 10 days after he was appointed as acting mayor of HK's neighbouring city. Concerns have been raised over how the detention of Mr Xu on corruption allegations may affect cross-border co-operation. The two sides agreed on stepping up large cross-border infrastructure projects, including the Guangzhou-Shenzhen-HK Express Rail Link. Mr Tsang also raised the issue of speeding up a plan that would allow non-Guangdong residents in Shenzhen to apply for travel permits to visit HK.

Legal affairs and human rights

Live-in maids, student interns not covered by minimum wage bill: The statutory minimum wage bill will not include live-in domestic helpers and student interns and is to be submitted to the Legislative Council next month. The bill will be introduced to the legislature on July 8. Secretary for Labour and Welfare Matthew Cheung said the statutory minimum wage was likely to come into force, at the earliest, by the end of next year or early 2011. He said coverage of the bill would exclude all live-in domestic workers, both local and foreign.

Health

Half of HK could get swine flu, study finds: Half the people in the city might be infected with swine flu four months into a pandemic, University of HK academics have concluded. The researchers, from the school of public health, used a mathematical model to calculate the transmission pattern in the community.

Schools closed to check spread of swine flu: HK confirmed its first cluster of local swine flu infections among 12 secondary school students, prompting the closure of many schools and other new measures against the disease. It came as the World Health Organisation declared swine flu a pandemic. From today (12.6.2009), all 1,800 primary schools, kindergartens, child care centres and special schools will close for two weeks to protect young children and check the flu's spread in the community.

Flu scare will keep primary schools shut: All primary schools and kindergartens will remain closed and secondary schools will begin their summer breaks earlier, once examinations are finished, the education minister announced. Centre for Health Protection controller Thomas Tsang said the government had made the decision because it did not want to see a major outbreak in schools.

Environment

NGOs to get funds to run recycling plants: Two NGOs would receive funding to run recycling plants at the Eco Park in Tuen Mun under a scheme to help the industry weather the economic turmoil, a government source said. This was one of the measures proposed by the Taskforce on Economic Challenges to develop the environmental industry as a new pillar of the economy.

Culture and education

Language policy under more fire: Education groups have criticised the new medium-of-instruction policy as a political concession to please parents who treat Chinese-medium teaching as inferior and want more English teaching at schools. They said the new policy in effect reversed the mother-tongue education adopted since the handover in 1997, and it was so complicated that educators would be confused. The changes, to be introduced in the 2010-11 school year, allow a school to decide the medium of instruction for a class provided it can satisfy a set of requirements.

Mainland student applications to HK universities plummet: HK universities have seen a significant drop in the number of undergraduate admission applications from mainland students for the next academic year. Applications received by Shue Yan University, the city's first private university, have fallen by half, while Lingnan University has seen a drop of 40%. The University of HK, Polytechnic University and HK University of Science and Technology have seen applications fall by between 30 and 36%, while Baptist University, which is the least affected, has still seen a 22% decline in applications.

Macau

Melco banks on Dreams to escape hard times: Macau's newest casino - the US\$2.1 billion City of Dreams - has opened amid hopes the city will rebound from a slump that prompted rival Las Vegas Sands to halt construction on some projects last year. The latest addition to Macau's gaming industry is a project of Melco Crown Entertainment. Melco Crown chief executive Lawrence Ho estimates the city's casino market will recover by the end of this year. He said the sector reached its lowest point in the last quarter of 2008. "I hope that the market will be flat or see some positive growth at the end of this year as the decline has been narrowing," Ho said.

Betting on a fast rebound: The gaming industry says boom times will return to Macau within the next two years - if operators can access the credit they need to expand and keep up with demand. Top industry figures at the opening of the biggest gaming expo outside Las Vegas said the sector looks to have found its bottom after first quarter revenues rebounded 9% to US\$3.2 billion compared to the last quarter of 2008.

Macau denies entry to June 4 protest leader: June 4 student activist Wuerkaixi spent last night in a restricted zone at Macau airport after being denied entry to the city. He had been planning to hand himself to the mainland authorities to stand trial.

Macau top job in the bag as Chui secures huge backing: Macau's chief executive election is almost certainly over after former social and cultural affairs secretary Fernando Chui snapped up support from 286 of the 300-member election committee. This leaves just 14 nominations for other candidates, who require at least 50 to enter the ballot. Although Chui still needs to win more than 50% of committee votes on election day, July 26, he is now virtually certain to succeed Edmund Ho and become Macau's second chief executive since its return to China a decade ago. Ho's term ends in December.

Varia

Despite its faults, HK a popular workplace: An Indonesian migrant group says almost all of its members work 16-hour days, two-thirds do not have statutory holidays off and more than half have just one day off a month. Indonesian Migrant Workers Union chairwoman Sringatin said many were also underpaid because of unfair packages forced on them by employment agencies that took a HK\$21,000 fee. If they changed jobs, they would have to pay the fee again, making it difficult for a helper to leave a harsh employer.

Tourism catches a nasty cold: Swine flu has had a dramatic impact on tourism to HK, contributing to a 9.9% year-on-year drop last month in arrivals from the mainland - the source of nearly two-thirds of the city's visitors. With a 14% drop in arrivals from the region and a 10% drop in long-haul visitors, overall visitor numbers were down 13.5% year on year.

HK loses best-airport title, held for 7 of past 8 years, to S Korea: HK International Airport has lost its status as the world's best airport, a title it has held for seven of the past eight years, an international survey shows. South Korea's Incheon International Airport came top in the survey by Skytrax Research. Chek Lap Kok airport was pipped into second place, with Singapore's Changi Airport ranking third.

City's expats fourth for earning power: HK ranks fourth in the world when it comes to the wealth of its expatriates, with 39% earning more than US\$200,000 a year, a survey has found. 89% of expats in the city said they had more disposable income than they did in their home countries, with nearly half reporting more than US\$4,000 a month. But they spent more on accommodation, food and entertainment than they did at home.

Press articles related to Switzerland and Swiss matters

Swiss GDP shrinks fastest in 15 years: Switzerland's economy contracted at the fastest pace in almost 15 years in the first quarter after companies reduced spending to weather a slump in exports. Gross domestic product dropped 0.8% cent from the fourth quarter, when it declined a revised 0.6%, the State Secretariat for Economic Affairs said. That is the worst performance since the second quarter of 1994. Exports plunged 5.4% from the fourth quarter and gross fixed capital spending fell 0.4%. The worst global economic slump since the Second World War has eroded demand for Swiss exports, forcing companies to slash output and eliminate jobs.

Probe chalks up bill for UBS: Switzerland's UBS is to pay 3 to 5 billion Swiss francs in the next two weeks to settle a US tax probe into the bank, Swiss newspaper Sonntag reported. The US government is suing UBS to get the names of 52,000 Americans who allegedly hid nearly US\$15 billion in assets from the taxman.

First solar-powered plane unveiled: It has the wingspan of a Boeing 747 but weighs less than a small car. And it is powered entirely by the sun. Adventurer Bertrand Piccard unveiled the Solar Impulse, which, with its sleek white wings and pink trimming, aims to make history as the prototype for a solar-powered flight around the world.

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