

Economy + Finance

Retail sales continue their slide: Retail sales figures continued to slide in May, while a survey showed HK shoppers are the keenest bargain hunters in Asia and among the most pessimistic about their financial future. Latest figures from the Census and Statistics Department show retail sales fell 6.2% by value in May, from the same period last year, to HK\$21.6 billion, with shoppers continuing to cut spending on luxury items such as vehicles and jewellery.

Home sales surge to 17-month high on low interest rates: Property sales rose 20.5% in June, a 17-month high as low interest rates continued to encourage buyers to enter the market. The Land Registry recorded 15,747 sale and purchase agreements for residential units and commercial properties last month, up from 13,067 in May. Sales rose 32.6%, compared with a year earlier. The total sales volume rose 32.2% to HK\$58.2 billion in June, compared with May.

No signs of rebound for office market despite activity: The HK office rental market remains under pressure amid the global economic downturn despite some activity in the sector. In sharp contrast to a recovery in the residential sector, which has been stimulated by low deposit rates and a stock market rally, office rentals are not yet showing signs of a recovery, according to Simon Smith, head of research and consultancy at leasing agent Savills (HK).

New HKMA chief outlines priorities to uphold stability: Norman Chan, newly appointed chief executive of the HK Monetary Authority, said there was no plan to change the currency peg to the US dollar as it was crucial for the city's financial stability. And Mr Chan said that under his stewardship, the authority would continue to promote and deepen the development of yuan business in the city.

Jobless rate highest in four years, and worse is to come: HK's jobless rate rose to its highest in almost four years last month, and the government warns it will continue rising as students graduate and start looking for work. The unemployment rate for the April to June quarter was 5.4%, up from 5.3% in the March to May period. The rise was in line with economists' estimates. The last time the jobless rate was that high was in November 2005.

Fresh issues may tap \$90b: HK's red-hot listing market may raise as much as HK\$90 billion in coming months as more firms prepare to launch initial public offerings. They follow BBMG Corporation, which has attracted hundreds of billions of dollars.

Chief thinks big on HKCEC expansion: Chief Executive Donald Tsang has given the thumbs-up to a further expansion of the HK Convention and Exhibition Centre, with a public consultation expected this year. "We now organize two of the world's biggest trade shows, and eight of Asia's biggest trade shows," Tsang said. "But there is even greater potential for further expansion." Tsang was speaking at the joint opening of the HKCEC's HK\$1.4 billion Atrium Expansion and the 20th HK Book Fair. Even with the Atrium Expansion which will add 19,000 square meters of exhibition space, the new-look HKCEC "pales into insignificance compared to what even one casino is able to offer in our neighbour [Macau]," Tsang said.

Many firms expect HK economy to rebound next year: With stock and property prices rebounding, many firms expect the HK economy to expand as early as next year, surveys conducted over the past four months show. The findings reflect growing sentiment in the business community that the worst of the global financial meltdown is over.

March record for business launches: A record number of companies were set up in March, as owners rushed to take advantage of the fee-free business registration that expired that month. The Companies Registry said that 51,965 local firms were registered in the first six months of this year, up 13.41% from the second half of last year. Ernst & Young said: "Many people set up companies to buy and sell real estate properties. Each unit may be held under one company." As of June 30, the total number of registered active firms was 741,082, up 30,316 from the end of last year.

Tax breaks and freight transfers buoy port: Free port status and high efficiency may have failed to stop HK's sea cargo business from losing out to its cheaper mainland counterparts in recent years, but in bad economic times these qualities have proven their value. In the nine months to June, container throughput at Kwai Chung port constantly performed better than its direct competitors in Shenzhen - which over the years have surpassed HK with double-digit annual growth in cargo volume.

Market joy as mainland trade boosts HK economy: A revival in HK's trade with the mainland for the first time since the US credit crunch hit the global economy about nine months ago helped narrow to single digits the year-on-year decline in imports and exports last month.

HSI tops 20,000 mark: HK stocks rocketed to a fresh 10-month high yesterday (27.7.2009), closing above 20,000 points for the first time since the outbreak of the global financial crisis last year.

Exchange Fund bounces back to profit: The Exchange Fund, the reserve that backs the HK dollar, rebounded into profitability in the first half of the year, making an investment gain of HK\$25 billion compared with a loss of HK\$35 billion a year ago. The strong investment earnings of HK\$58.5 billion in the second quarter more than offset a HK\$33.5 billion loss in the first three months. Most of the earnings came from the 28% rise in the local stock market during the first half of the year.

Domestic politics

Divisions on show in rival marches: The political divisions in HK were as stark as ever as the chief executive launched a parade by tens of thousands of Beijing loyalists from the HK Stadium and a similar number of anti-government protesters joined the annual march from Victoria Park. Although fewer protesters turned out than organisers had expected, it was still the biggest show of discontent since Donald Tsang succeeded Tung Chee-hwa at the head of the government in 2005.

'Wide support' for plan to develop six economic pillars: The government's decision to develop six knowledge-based industries and its pledge to provide land to enable their development have won the backing of a majority of HK people who responded to surveys conducted by the administration's top think tank. Lau Siu-kai, head of the Central Policy Unit, warned that HK could lose its economic vitality and be marginalised amid the nation's rapid economic growth if the city stuck to the principle of "market fundamentalism".

2012 votes for all ruled out by chief: There will be no universal suffrage in 2012, Chief Executive Donald Tsang has said in his clearest terms yet. But he pledged not to put forward the same constitutional reform package that was voted down in 2005. (...) Pan-democratic lawmakers have repeatedly called for universal suffrage in 2012. Confederation of Trade Union's Lee Cheuk-yan held up cards that said Tsang was a "political fugitive" and described him as a "Beijing flunky."

Tsang's disapproval rating at record high: Chief Executive Donald Tsang's disapproval rating has reached a record high after the July 1 protest, a poll shows. 45% of 1,006 people interviewed on the phone said they lacked confidence in him, the highest proportion to hold that view since he became the chief executive in 2005.

Minimum wage debate not yet begun but clashes have started: The Legislative Council committee scrutinising the controversial minimum wage legislation met for the first time and had a fierce fight - over the date of the next meeting. In the 20-minute discussion, the scrutinising committee on the Minimum Wage Bill took 20 minutes to agree on the date, as lawmakers of different camps attacked one another's attitudes towards the bill. With labour unions long advocating a minimum wage law in HK and the business sector reserved, the committee has drawn 36 lawmakers to participate. Thirteen members have a business background, while eight are unionists.

Tsang urged to 'show courage' to Beijing on full-democracy issue: Chief Executive Donald Tsang should show courage and tell Beijing that HK people want full democracy as soon as possible, a lawmaker says. Veteran pan-democratic legislator Emily Lau criticised the Tsang administration for delays on the issue, adding that people were losing patience and wanted details of electoral plans for 2017 and 2020. Ms Lau, the Democratic Party vice-chairwoman, said the party would continue to fight for direct elections in 2012.

Too powerful or too weak? Political forces split on Legco: The Legislative Council has been expanding its powers and obstructing the city's administration, Beijing loyalists told a visiting Communist Party official. Not so, said pan-democrats. If the legislature had become more radical it was because of the "undemocratic" political system and Beijing loyalists siding with the government against its opponents. The public showed what it thinks of such bickering, with barely a tenth of those polled by a university pronouncing themselves satisfied with Legco's performance in the past year.

Relations HK - Mainland China

Door opens to leaders: "The big doors for trade have been opened with the Closer Economic Partnership Agreement but there are still some small doors yet to be made." That was the upbeat message from Chief Executive Donald Tsang as he welcomed nine Guangdong municipal leaders on a historic visit to HK. There was also no talk of barriers from Chief Secretary for Administration Henry Tang, who said the only hurdle is "just the time it takes to process an application or the time it takes to process a particular company." Tang said he has been trying to overcome such hurdles in the Pearl River Delta through talks with the Guangdong government.

Legal affairs and human rights

Self-censorship in media worsens: HK's media has become more reluctant to criticise Beijing and self-censorship has worsened in the past year, the HK Journalists Association warns. The association, releasing its annual report, also expressed concerns over a possible decline in news quality with the sacking of large numbers of experienced media staff amid the economic crisis. Association chairwoman Mak Yin-ting said the American organisation Freedom House had downgraded HK's status earlier this year from a "free" to a "partly free" region, because of what it said was Beijing's growing influence over HK media. Mak also said self-censorship was increasing and media organisations were trying to guess what Beijing liked and disliked. She urged reporters to fight to preserve press freedom in HK. The HK news media has long been seen as an important window on China. But concerns about self-censorship grew recently after some local publications and TV stations were seen as having limited their coverage last month of the 20th anniversary of the Tiananmen Square crackdown, which critics believed was to avoid upsetting Beijing.

Maids allege violence, abuse: Indonesian domestic helpers say they face regular violence and mental abuse at the hands of their employers - then get tied up in red tape when they try to complain. Several women broke their silence as their support group called on the SAR and Indonesian governments to draw up a blacklist of employers and employment agencies. There are 135,000 Indonesian domestic helpers in the city, the biggest single group after Filipinos.

Investors set for legal fight over lost millions: The legal sector is bracing for a flood of litigation as a growing number of investors take their bankers to court in efforts to recover huge losses resulting from high-risk financial products. 77-year-old Chan Wai-yee filed a writ and statement of claim against Swiss-based investment bank UBS for allegedly advising her to buy an equity accumulator package which resulted in her losing HK\$260 million. Solicitor Bonita Chan of Hastings & Co, the law firm which represents the Ms Chan, said the company is also handling several other similar cases, and that it was likely more investors will follow suit.

HK names leader of team for international human rights talks: A deputy secretary for constitutional and mainland affairs, Arthur Ho, will lead a government delegation to the United Nations next week to face questioning by the Committee on the Elimination of Racial Discrimination. The announcement came after Democratic Party vice-chairwoman Emily Lau said the government had shown little respect for the Office of the High Commissioner for Human Rights' Committee, and criticised indecision over who would attend the meeting.

Health

HK spread of swine flu half the global rate: Swine flu is spreading in HK at only half the global rate, and doctors put that down to the city's heightened vigilance following the 2003 Sars outbreak. The city's so-called secondary attack rate for the flu is 14%, a university study shows. The World Health Organisation says the comparable global rate is close to 29%. The rate for seasonal flu ranges from five per cent to 15%.

Environment

Britain, not HK, the real culprit when it comes to global warming, says chief executive: Chief Executive Donald Tsang hit back at critics of his policies to reduce greenhouse gas, saying HK was doing much better than Britain, for example. "We all have to work harder ... Britain especially needs to work harder. Our average emission per person is six tonnes each year," Mr Tsang told the Legislative Council. "For Britain, it's 11 tonnes. For the United States, it's 24 tonnes. For Australia it's 26 tonnes. We're not behind. The one who is behind is Britain, not us."

Roadside air pollution up sixfold in 4 years: Air pollution at street level has soared in the past four years while improving at the city's rooftops, calling into question assertions that HK's chronic air-quality problems have a regional more than local source. Roadside monitoring stations recorded more than six times as many periods of health-threatening pollution levels in the first half of this year than in the same period in 2005.

Tougher steps on air quality rolled out: The government rolled out proposals to toughen air quality standards, and measures to achieve this, as HK seeks to catch up with the developed world. The administration said the steps, which largely meet World Health Organisation objectives, could extend average life expectancy by a month. The proposals include using more gas to generate power, phasing out highly polluting vehicles and declaring low-emission zones from which such vehicles would be barred. Car-free zones would be extended. Members of the public have four months to comment on them and indicate their willingness to pay for cleaner air and how soon they want it. (...) The proposals have already encountered strong opposition from drivers and shop owners, who say such measures could affect business.

Culture and education

HKU graduates still the most coveted among employers: HK University graduates continue to be the most sought after by employers, the latest survey has found. But in a significant shift from a traditional to a more modern institution, graduates from the University of Science and Technology have overtaken those from Chinese University of HK to become the third choice.

Book Fair lures crowds but not dollars: This year's Book Fair attracted a record 900,000 visitors, but they did not bring big business, major local publishers say. Although the number of visitors to the week-long fair increased from last year's 830,000, some publishers were disappointed at the unexpectedly minimal growth in sales. They said the overexposure of pseudo-models and their racy photo albums at the fair scared away real bookworms. (...) Many young people attending the book fair think it has become more commercial than cultural in nature, according to a survey. And celebrity books and photo albums, it turns out, are the third most sought-after titles.

Macau

Macau's next leader vows to encourage competition in gaming: The future leader of Macau vowed to regulate the city's gambling business better and diversify the economic base. Fernando Chui, who will officially replace Chief Executive Edmund Ho in December, also said he would consider reviving an investment immigration scheme that was suspended two years ago.

Macau hotel occupancy dives to 59.4pc, lowest since 2003: Hotel occupancy in Macau plunged in May to the lowest levels since the 2003 outbreak of Sars, affected by the outbreak of swine flu and a crackdown on "zero-fee" package tours by the mainland government. Average hotel occupancy across the city was 59.4% in May, down from 72.9% a year earlier and far below the average of 73.3% in the 12 months to April, according to

data released by the statistics and census service. "This is a negative factor for the major casinos, because they are all carrying a lot of room inventory that they cannot translate into revenue," said an analyst at a European bank. "I would expect to see more competition on room rates in the coming months as a result of the drop in occupancy."

Macau ex-minister chosen to lead gambling hub: Former Macau culture minister Fernando Chui was named the new chief executive of the gambling hub by a 300-member pro-Beijing election committee. Chui won the support of 282, or 94%, of the election committee, formed mostly by people with direct ties to Beijing. But 14 members cast blank votes to express their opposition to the electoral system, which they said was not democratic and did not give people a choice.

Macau residents unimpressed as chief wins unopposed, small-circle vote: The unopposed election of Fernando Chui as Macau's chief executive left most residents cold. There was little excitement in the city to mark his selection by just 300 people. Some residents who bothered to watch the vote counting live on television looked bored as the ballot reader talked about the sole candidate. Only the occasional mention of an unmarked ballot paper stirred a small ripple of excitement.

Macau housing picks up: Despite suffering from a decline in gaming revenues and a fragile economic outlook, Macau's residential market has shown signs of improvement since the second quarter. While the rate of recovery is not yet comparable to the rebound in demand and prices in the HK and mainland markets, property consultants said transaction numbers and prices had picked up since March - thanks to low interest rates and government measures to boost property buying.

Varia

Bank payouts on minibonds to top HK\$6b: Banks will repay at least HK\$6.3 billion to 29,000 people who bought Lehman Brothers minibonds in what is likely to be the world's largest compensation package for retail investors. The agreement involving 16 banks, announced by the Securities and Futures Commission, means 90% of investors will get back more than 70% of their money from September. This will effectively allow the banks, who were accused of understating the risks of minibonds, to escape regulatory penalties. Individual investors who do not accept the payout can still sue banks. Under the agreement, banks will have to hire independent inspectors to check their internal controls to prevent further mis-selling.

Rich newcomers pump \$30b into city economy: Wealthy mainlanders and foreigners who qualified to come to HK under a special migration scheme have invested more than HK\$30 billion in the city in the past six years. Since the Capital Investment Entrant Scheme was launched in October 2003, the SAR has approved 4,350, or more than 55%, of the total applications for people to become permanent residents.

HK airport gets high marks for safety in international audit: An international audit of aviation safety ranked HK's airport fifth in the world and second in Asia. Chek Lap Kok got top marks for its resolution of safety concerns and the city's aviation laws.

Press articles related to Switzerland and Swiss matters

Switzerland vows to block UBS data in US tax quarrel: Switzerland has vowed to prevent UBS from handing over client information to United States authorities, in an attempt to defend bank secrecy, saying a tax case targeting its main bank is souring diplomatic ties. Wealth management giant UBS is facing a court hearing in Miami after refusing to disclose data on 52,000 Americans holders of secret Swiss bank accounts to US tax authorities. The Swiss Ministry of Justice said Swiss law prevented UBS from handing over client information and the government would seize UBS client data, if necessary, to stop that from happening.

Conductor and wife in suicide pact: Renowned British conductor Edward Downes and his wife Joan have ended their lives at the Dignitas assisted suicide clinic in Switzerland, their children said. (...) The Metropolitan Police in London said officers were investigating the deaths of the Downes couple. Under British law, assisting suicide is a crime. However, since 1992 dozens of British citizens have ended their lives at the Dignitas facility in Switzerland, where assisted suicide is legal.

77-year-old sues Swiss bank over HK\$200m loss on her investments: A 77-year-old woman with three years of schooling who says she lost most of her HK\$260 million fortune on investments known as accumulators is seeking damages from Swiss bank UBS. Mainland-born Chan Wai-yea says UBS induced her to invest without explaining the risk and instructed her to sign documents in English, a language she does not know. In a writ filed in the High Court, Ms Chan alleges negligence and breach of professional duty by the bank.

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