

Economy + Finance

Developers lining up for HK listings: As many as a dozen mainland property developers, emboldened by a recovery in the nation's property markets, are eager to raise billions of dollars by going public in HK, even as Beijing warns of a possible bubble in the housing market.

Financial hirings show signs of life: Recruitment in HK's financial sector is picking up again following a freeze in the first two quarters. But new staff is simply filling in positions that were axed during the financial tsunami. Employment agency Talent2 says firms are not expected to increase their headcount until the end of the year.

Diners, shoppers, spend more but recovery a distant prospect: Diners spent more from April to June than in the first quarter, and last month motorists bought more cars and shoppers spent more at supermarkets, bolstering the shop and restaurant trades. But the retail industry, and an economist, said recovery was still a long way off.

Yam warns of asset bubble as liquidity surges: The recent strong inflows of capital into HK, if they persist, could fuel inflation and pose a threat to the city's economic and financial stability, warned Joseph Yam, the chief executive of the HK Monetary Authority. The flip side, said Mr Yam, was that any sudden reversal of the flows could then push up interest rates. However, the head of the de facto central bank said there were ways to deal with the inflows. He did not rule out measures to restrict bank lending to avoid an asset bubble.

Finance sector doubles in a decade: HK's development as a financial services centre has been underlined by data that shows the sector's contribution to the economy has doubled in barely a decade. The financial services industry now accounts for about a fifth of gross domestic product, and economists say this could rise to 40%. But its rise has had little impact on jobs growth, with its share of the workforce hovering at little more than 5%.

HK pulls out of recession as second quarter GDP jumps 3.3pc: HK pulled out of its deepest recession since the Asian financial crisis in the second quarter as economic output jumped 3.3% from the previous quarter, helped by improving trade flows and consumption. Official, seasonally-adjusted data prompted the HK government to upgrade its full 2009 forecast to a 3.5-4.5% contraction from a previous 5.5-6.5% forecast. "The GDP data was much better than we expected, partly because exports were better and partly because of a pick-up in private consumption," said Paul Tang, senior economist at Bank of East Asia. "Private consumption is being driven up by stock market gains and by the property sector, which started doing well." Despite the early signs of optimism, HK is far from shrugging off its recessionary woes. Many key economic indicators, including overall investment, remain in negative territory.

Most people still spending freely, survey finds: The gloomy economy seems to have made little difference to Hongkongers' daily spending habits. Almost 80% still spend the same amount on daily necessities as they did before the economic slowdown hit, and more than half continue to buy luxury items, according to a survey. At the same time, figures on people's earnings showed that HK was being less affected by the economic situation than its neighbours were. Nearly seven out of 10 Hongkongers said they were earning the same now as they were six months ago, in contrast to 24% who said they had less income.

Home prices hit 13-month high: The average selling price of homes in HK hit a 13-month high in July as the residential property market continued to recover with prices and transactions climbing. The average price breached the HK\$4,000 per-square-foot level last month, according to Midland Realty. The real estate agency said prices rose for eight consecutive months to reach HK\$4,135 psf in July, up 3.5% from the previous month. That was also a 21.7% increase from HK\$3,397 psf at the end of last year.

Mainland investors swarming into market: An influx of mainland investors has descended on HK's retail investment market recently, analysts say. "Of 10 recent retail transactions in recent months, four buyers were mainlanders, compared with few instances in the sector before this increase," said Kenneth Yau, the sales director of Centaline Property's retail department.

Consumer prices fall as deflation strikes for first time in five years: Consumer prices fell 0.3% last month as HK experienced deflation for the first time after about five years of rising prices, government data shows. Prices had increased 0.4% year on year in June. Including the impact of one-off relief measures, such as the government's subsidy on electricity bills, prices declined further by 1.5% last month after falling 0.9% in June. Economists had expected a 1.4% drop. Prices have not fallen since the aftermath of the 2003 severe acute respiratory syndrome outbreak.

Real estate becomes a hot property again: Property is back as a source of excited chatter around the city's yum cha tables, with one major real estate agency saying new home sales this year have already exceeded last year's total. Low interest rates and wealthy mainlanders buying top-end property are pushing growth in the reinvigorated market, with some analysts even tipping a record year.

9.4pc drop in visitors to trade fairs: HK attracted 9.4% fewer visitors to its trade fairs and conventions last year compared to 2007, a better-than-expected decline, the HK Exhibition and Convention Industry Association's

annual survey has found. Visitors to trade shows in many other markets suffered drops of between 10% and 25%, it said.

Fall in exports a sign of consumer doubt: HK's trade suffered a major setback last month as total exports shrank almost one-fifth year on year in a worrying sign consumers are unconvinced about a recovery. July's 19.9% drop in the value of total exports to HK\$212.28 billion from a year ago followed four months of steadily smaller declines that saw exports drop by just 5.4% in June, the Census and Statistics Department said. Last month's result was worse than the 12% average fall economists had expected.

Shanghai 2020 vision is 'alarming' news for SAR: Shanghai's push to become an international financial center by 2020 is "alarming news" for HK, the lawmaker for the accountancy sector has warned. Premier Wen Jiabao announced in May that Shanghai will be established as an international financial center by 2020 "to match the economic strength of China and the prominence of the yuan in the global market." But lawmaker Paul Chan said "This is alarming news for HK." Mr. Chan disagrees with those who say that China has room for more than one international financial center.

Domestic politics

Anson Chan aims to unify allies on political reform: Former chief secretary and lawmaker Anson Chan is building a consensus among pan-democrats that there will be no room for discussion on any constitutional reform plan for 2012 if the government refuses to reveal electoral plans for 2017 and 2020. But if officials bow to rising pressure and discuss details of how the chief executive and legislature can be elected under universal suffrage, she is willing to refocus her allies on a transition proposal she is studying.

Democrats still hoping for 2012: The pan-democrat camp is still looking at 2012 for double universal suffrage - despite the central government's timetable - Democratic party vice chairwoman Emily Lau said. In December 2007, the National People's Congress set universal suffrage for the chief executive election in 2017 and for the Legislative Council in 2020. Lau was speaking at a press conference called by Power for Democracy, a pan-democratic alliance, to suggest reforms to the district councils. "Never say never. There are still three years to go and if the government revives the 2005 constitutional reform package again, we will not accept it."

Chief to focus policy address on revival: Economic revival will be the main theme of Chief Executive Donald Tsang's policy address this year. Tsang kicked off his consultation when he met 18 local National People's Congress deputies. He will attend 30 such meetings to gauge opinion across society. On the policy address content, deputy Bernard Charnwut said Tsang told them the economy will be the focus of his October 14 address.

Now's the time to stop handouts, Tsang says: Chief Executive Donald Tsang said he would not offer fresh sweeteners in his policy address in October because he doubted the need for a new round of giveaways and the government had to avoid raising the fiscal deficit. Mr Tsang also said his blueprint would not mention details of the electoral reform package for 2012.

Democrat chief in new tack on reform: The Democratic Party is pushing for a revised strategy on constitutional reform which it hopes would lead the chief executive to dissolve the Legislative Council and hold a fresh election, which would gauge people's preferences on universal suffrage. Chairman Albert Ho's plan would involve using Article 50 of the Basic Law, which states that the chief executive can dissolve Legco if lawmakers refuse to pass an important bill. Mr Ho says this could apply to the government's reform package, expected to be put forward after consultation later this year. To get the plan realised, the Democrats need to block the government's reform proposal for 2012. Then, they can urge the chief executive to dissolve the legislature. If he does, a citywide by-election would be held, which the Democrats consider would be the same as a referendum.

Beijing rebuff for democrats on reform plan: With the government soon to start a public consultation on constitutional reform, one of Beijing's top men in HK suggested yesterday that economic development should be the city's priority. Li Gang also delivered a firm rebuff to pan-democrats. The government, too, dismissed the Democratic Party's claim that if the Legislative Council rejected the reform proposals for 2012 the administration puts forward after the consultation, the chief executive would have to dissolve the legislature. That would trigger an election which the party says would be a referendum on universal suffrage.

Relations HK - Mainland China

HK, Guangdong sign eight pacts to boost co-operation:

HK and Guangdong signed eight pacts to strengthen co-operation, including a letter of intent on the development of service sectors and high-end industries in Qianhai, Shenzhen, and collaboration in other areas. The agreements covered proposals to increase exchanges in financial development, disease prevention and control, education, environmental protection and intellectual property protection. The deals were struck at the 12th plenary session of the HK-Guangdong Co-operation Joint Conference.

Transborder affairs

Shenzhen link-up a must, Tang says: Refusing to co-operate with Shenzhen was "not an option" for HK, Chief Secretary Henry Tang said. His call for partnership with the northern neighbour was in response to concerns that the proposed development of Qianhai, in Shenzhen, could hurt HK's long-term competitiveness. Mr Tang was asked whether it was viable for HK to go it alone in developing its financial and service industries

without co-operating with cities in Guangdong province. "I believe not co-operating is not an option," he replied. "If we are not co-operating, HK will be fighting alone. HK is not an island."

Legal affairs and human rights

NGOs complain to the UN about inaction on racial discrimination: Representatives of HK's non-governmental organisations working on racial discrimination issues bemoaned the government's refusal to concede ground on a variety of issues before a United Nations hearing. At the heart of the debate were concerns over the effectiveness of the city's Race Discrimination Ordinance, passed last year but made fully effective only last month, as well as the government's efforts to implement new screening procedures for torture claimants. According to people present at the hearing, committee members questioned why the ordinance contained so many exemptions, and did not bind the government in the performance of its powers and functions.

Use free speech to help Tibet, HK urged: Hongkongers should use the freedom of speech they enjoy to promote the Tibetan cause, the Dalai Lama's official spokesman says. Thubten Samphel pledged his office's support for efforts by HK activists to create a Tibet friendship group in the city. But an academic studying ethnic issues said the plan to recruit "anti-communist" groups in HK would gain little local support.

UN calls for rule on helpers to be scrapped: A UN body has called on the HK government to repeal a rule that requires domestic helpers to leave the city within two weeks upon termination of their contract. Apart from the two-week rule, the committee also calls for the repeal of the live-in requirement for domestic helpers, which it says may subject them to longer working hours with less rest and fewer holidays.

Health

Pharmacists warn of Tamiflu dangers: The use of liquid Tamiflu has sparked a row between pharmacists and private doctors, with pharmacists warning about the dangers of hoarding the drug at home. Society of Hospital Pharmacists vice-president William Chui said he had noticed that more "panicked parents" were stockpiling liquid Tamiflu from private doctors in case their children fell ill.

Vaccine tender too difficult: Some conditions laid down in the government's abandoned tender for swine flu vaccine were too difficult to meet, a big drug maker said. The comment from Swiss drug firm Novartis came a day after the government announced it had cancelled its tender for five million doses of vaccine - raising concerns about whether it can secure supplies before the winter flu peak.

Daily infection count may be dropped: The government will re-examine the necessity of announcing daily swine flu figures. The administration was assessing hospital admissions, severe cases and deaths, instead of the number of infections, Secretary for Health York Chow said. He added that the World Health Organisation had said infection data was not useful in reflecting the severity of the flu's effects.

Environment

Number of smoggy days halves in Guangzhou as factories close: The number of smoggy days in Guangzhou almost halved in the first six months of the year as factories hobbled by the economic downturn emitted less pollution. Environmental researchers warned that this may be only a temporary improvement in air quality; it may fade as the economy in the Pearl River Delta recovers in the second half and factories return to normal.

Culture and education

HK urged to take on role as Chinese movie hub: HK should position itself as the centre for Chinese-language films and capitalise on the recent soaring popularity of local productions on the mainland, HK Film Development Council secretary general Wellington Fung Wing says.

Arts policy should be dictated by professionals, not the people: Art is created for the people, but decisions about art should be made by professionals instead of through a democratic process, Arts Centre chairwoman Cissy Pao Watari says. Repeated public consultations about the development of the West Kowloon Cultural District might not be worthwhile, she said. "There are a lot of consultations the government has been doing and will be doing, and sometimes it gets too repetitious. You will never get a consensus to do the right thing for the people. I don't think art is a democratic concept."

Macau

Casinos return to growth as revenue hits 9.57b patacas: Casinos in Macau unexpectedly snapped a seven-month losing streak last month, returning to positive year-on-year growth for the first time since November last year. Casino revenue in Macau hit 9.57 billion patacas in July, up 3.05% cent from a year earlier and the city's biggest monthly haul since August last year, according to preliminary data leaked to Portuguese news agency Lusa. Revenue last month was up 16% from June and was 13.2% above average monthly casino revenue over the preceding 12 months. Noting the 12% cent decrease in casino revenue during the first half of the year, Ms Tang said: "We were not expecting a year-on-year increase until the fourth quarter."

Wen warns of economic challenges in Macau: Macau's gambling-reliant economy will come under further strain from the financial crisis, Chinese Premier Wen Jiabao said during a meeting in Beijing to formally appoint Macau's next leader. "The financial crisis is continuing to deepen and spread. The difficulties you face are still

great," Mr Wen told Macau's incoming chief executive, Fernando Chui, who will take up his five-year term on December 20. Mr Chui, who has pledged to lessen Macau's overwhelming reliance on gambling sector revenues through "appropriate diversification" of the city's economy and to clean up Macau's corruption-tainted image, said he would do his best with the worst not yet over.

Macau property prices still 33pc below peak levels hit in 2007: Property prices rebounded sharply on the mainland and in HK in the first half of the year, taking prices back to their pre-crisis peak levels in Shanghai and Beijing and within 6% of last year's peak levels in HK, reflecting an underlying confidence and desire to put cash back to work. Macau, on the other hand, has so far seen a slower rebound, and although prices have recovered, they are still 33% below peak levels reached at the end of 2007. But recent transactions at Nova City and One Central imply a healthy upward trend, coupled with rising transaction volumes.

Varia

Cash-strapped Hungary plans to shut down HK consulate: Hungary is closing its consulate in HK to save money amid the global financial crisis. Its consul general, Adam Tertak, and consul, Janos Chalupa, returned home last month. Only vice-consul Bela Nemeth and some local staff remain at the Wan Chai office, which will close on August 31 after 10 years of operation.

HK activists to set up Tibetan association: Several activists from the fringe of HK's pan-democratic camp are planning to set up a friendship group to promote "Tibetan culture" following their meeting with the Dalai Lama. The move has alarmed Beijing, which has called the overseas equivalents of such friendship groups "political mouthpieces" of the exiled spiritual leader. The central government labels the Dalai Lama a splittist and blames him for deadly riots that broke out last year in western parts of the country. The HK activists said they would not promote Tibetan independence through their plans to create a Tibetan-Chinese Friendship Association, although they did back the Dalai Lama's pursuit of more autonomy for Tibetans.

Press articles related to Switzerland and Swiss matters (+ Liechtenstein)

US, Swiss bank settle row: Swiss bank UBS and the US government have agreed to settle a long-running dispute over the disclosure of names of wealthy American clients suspected of tax evasion. The settlement is expected to involve the disclosure to US authorities of thousands of names of people suspected of using offshore accounts to conceal assets and evade taxes. Washington's case against UBS - the world's second-largest wealth manager - has strained US-Swiss relations because it challenged Switzerland's bank secrecy laws. The case has big implications not just for Switzerland, whose private banks manage around US\$2 trillion of foreign wealth, but for the entire offshore banking industry.

UBS not ruling out more tax probes: UBS chairman Kaspar Villiger said in a newspaper interview that he could not entirely rule out that some staff at the Swiss bank might have assisted tax fraud in other countries. "With 70,000 employees I cannot put my hand in the fire and say there will be no more problems," he told the Swiss newspaper NZZ am Sonntag after being asked about the possibility. "I do believe that this systematic act only occurred in the case of the United States."

Liechtenstein pledges to revamp tax rules: Liechtenstein's Crown Prince Alois said his country will push ahead with moves to bolster adherence to global tax rules at the risk of losing bank clients. The principality of 35,000, on the Organization for Economic Co-operation and Development "grey list" of tax havens that have not yet implemented OECD standards, will seek to be removed from the list by signing 12 tax-information exchange agreements in the coming months, the prince said.

Swiss watchmakers regain hope: Swiss watchmakers are preparing for the crucial pre-Christmas period with cautious optimism, viewing an uptick in demand as a sign that the crisis may finally be over. Industry leader Swatch Group has said that retailers are ordering again; the decline in Swiss watch exports eased last month; and sector specialists generally sense more optimism than there was six months ago. Analysts are eyeing low-single-digit growth in Swiss watch exports next year after a fall of between 15 and 20% this year.

HK's wages middling, but Swiss on top: If you want the world's best wages, you probably need to move to Switzerland. Employees in Zurich and Geneva have the highest net wages in the world, a study by banking group UBS shows, while those in India's Mumbai take home the lowest. (...) The Swiss cities were also ranked among the five most expensive in the world in the bank's 2009 "Price and Earnings" international study.

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