

Economy + Finance

Improving economic situation sees 9.8pc boost in retail trade: Shoppers splashed out on more shoes, soft drinks and skincare products as retailers rang up about HK\$22.8 billion in October, a 9.8 per cent increase on a year ago. "The expected progressive improvement of the local economy, aided by a more stable labour market, should continue to support consumer confidence and hence the performance of retail trade," a government spokesman said.

IMF urges HK to tighten money supply: The same monetary policies that pulled Hong Kong's economy back from the brink could trigger a crash if left unchecked, the International Monetary Fund warned. It said HK needed to supplement the "circuit breaker" measures already introduced - such as raising the required down payment on luxury homes - to further tame asset prices. The most effective tool that could be adopted by Hong Kong was a tightening of underwriting standards, including eligibility criteria for mortgage insurance.

Dollar peg 'not a factor in property price surge': Financial Secretary John Tsang dismissed suggestions that the recent surge in HK property prices was a result of the local currency's peg to the US dollar. But briefing lawmakers on the economic situation, he said the government was concerned about the "irrational excitement" investors had shown in the property market, and feared it would become a bubble. He acknowledged a large volume of international capital had flooded into HK in recent months.

HKEx outstrips world bourses in stock listings: HK Exchanges and Clearing will claim the title of the world's largest initial public offering market this year, but Shanghai is hot on its heels. The bourse had raised about US\$23 billion up to the end of last month, which would ensure it finished the year in first place. While many Western markets have been hit hard by the financial crisis, the HK and Shanghai markets have benefited from numerous listings by mainland firms.

Jobless rate lowest level in a year: The jobless rate fell to 5.1 per cent in September-November – its lowest level in nearly a year. HK pulled out of the recession in the second quarter, but the government still expects this year's GDP to contract by 3.3 per cent.

Reality check for property market: The froth is coming off HK's property market, with bidding at the biggest government land auction in two years failing to reach the high prices forecast by analysts. Two residential sites were sold at the low end of market expectations (sold at HK\$10.4 billion), a signal that developers believe property prices are close to their peak. Average residential property prices in HK have risen 28 per cent this year, according to property benchmark Centa-City Index, raising fears of a property bubble.

Bid to make HK offshore centre for yuan trade: HK will move a step closer to becoming an offshore centre for yuan business under a proposal to be studied by Beijing to allow mainland people and firms to use the currency for foreign direct investments in the city. This was among suggestions raised by Premier Wen Jiabao during a meeting with Chief Executive Donald Tsang in Beijing. If it goes ahead, it would help consolidate the city's status as an international financial centre and a testing ground for mainland financial reform. A senior HK government official said it would be a breakthrough if the central government allowed mainlanders to make foreign direct investments in HK.

New slump may hit next year: A renewed economic downturn may hit HK in the middle of next year as the global financial crisis continues to make itself felt, Chief Executive Donald Tsang warned in Beijing. The government's large reserve fund would provide the strong base needed to tackle the next economic decline, and Hongkongers would not see tax increases, he told an audience of more than 200 at the Chinese Academy of Governance, a training centre for government officials.

Domestic politics

Legco votes against motion urging support for 'referendum' plan: The Legislative Council voted down a motion urging citizens to support a controversial resignation plan that hopes to trigger a de facto referendum on universal suffrage through by-elections. But the Civic Party and the League of Social Democrats appear determined to go ahead with what they call a "new pro-democracy campaign", despite an appeal by their ally, the Democratic Party, not to "throw away seats in an act of emotion". The government and its supporters joined forces to oppose the plan. Secretary for Constitutional and Mainland Affairs Stephen Lam said a referendum was not a mechanism allowed by the Basic Law to decide the electoral system in 2012.

Democratic Party majority rejects resignation plan: The Democratic Party rejected by a wide margin a proposal for its members to participate in a de facto referendum on universal suffrage in 2012 through mass resignations by pan-democrat lawmakers. The party's central committee decided to allow party members to canvass for votes for League of Social Democrats and Civic Party members who will stand in the by-election triggered by the resignations, although they will not be allowed do so in the party's name.

Face reality on electoral reforms, minister urges politicians: Secretary for Constitutional and Mainland Affairs Stephen Lam said the government's current proposals for the election of the chief executive and the Legislative Council were the "furthest and the widest" that could be achieved. "We are not running politics in Utopia. There are certain restrictions in real life ... politics is an art of possibilities. We need to achieve for people the maximum degree of democracy within the bounds of reality, and must be willing to make compromises when necessary,"

Lam said. The minister was referring to a 2007 decision by the National People's Congress Standing Committee which ruled out universal suffrage in 2012. It also ruled out increasing the percentage of legislators elected in geographical constituencies - a key demand of the pan-democratic camp.

Relations HK - Mainland China

Whirlwind HK stop for state councillor: State Councillor Liu Yandong completed her 24-hour whirlwind tour of HK with what seemed to be an outstretched hand to help the city board the mainland's economic express train. At the cocktail reception for the 2009 Boao Youth Forum, Liu said the central government had always supported, and done what was best for both special administrative regions, HK and Macau. She urged HK to grasp the opportunities arising from the nation's economic development under the 12th five-year plan.

Hu issues directive to Tsang on reform: President Hu Jintao has asked Chief Executive Donald Tsang to handle HK's constitutional reforms "in an appropriate manner". It was the first time a state leader has commented directly on the controversial issue, which the president wants to be tackled properly to ensure social harmony and stability in the city is maintained. Tsang met Hu during a duty visit in Beijing. Earlier in the day he met Premier Wen Jiabao who, in what some analysts viewed as a public rebuke, asked the chief executive to resolve "some deep-rooted conflicts" in HK society. Wen also urged Tsang to study "macro-issues" and to plan for the future. The two top leaders' comments come as the Tsang administration faces strong opposition as it tries to push through reforms for the 2012 elections, which the pan-democratic camp says do not go far enough. An academic compared the comments with Hu's recent praise of Macau's political stability and implementation of a national security law. (HK shelved its bill in 2003 because of public opposition.) "It is an indirect criticism of Mr Tsang's failure to unite the community." Tsang, at a press briefing after meetings with state leaders, said the leaders had conveyed to him the central government's genuine wish to enhance democracy in HK. But he sidestepped questions on whether the issue of the Article 23 security law issue had been mentioned.

International affairs

Joint Declaration needed no say on suffrage, envoy says: Universal suffrage was not included in the declaration China signed with Britain 25 years ago because there was no pressure from the HK people at the time to do so, the British consul general says. But the provisions laid down in the Basic Law for universal suffrage "very strongly respond" to the people's aspirations, he said. The Joint Declaration reached its 25th year, with key diplomats hailing HK's current prosperity as a testament to what can be achieved through diplomacy. But the declaration has also come under scrutiny in recent months in the debate over political reform.

Transborder affairs

HK and Shenzhen unveil Qianhai plan: HK and Shenzhen announced the establishment of a joint committee to plan the development of service industries in Qianhai, a pilot zone in Shenzhen. Shenzhen will play the leading role in the development of Qianhai and be responsible for managing the area, while HK will provide comments on the study and formulation of issues such as development planning.

CE says he wants to keep delta bridge tolls as low as possible: Chief Executive Donald Tsang said the government would try to keep toll rates for the HK-Zhuhai-Macau Bridge as low as economically feasible. Mr Tsang was speaking at a commencement ceremony of the bridge project in Zhuhai, officiated by State Council vice-premier Li Keqiang. China's National Development and Reform Commission vice-chairman Zhang Xiaohong told reporters the bridge would promote economic development and competitiveness. The project will start in mid-2011 and be completed by 2016.

Legal affairs and human rights

Head of snooping watchdog hits out at law enforcers: Mr Justice Woo Kwok-hing, the commissioner on interception of communications and surveillance, accused some law enforcement officers of being rebellious and unused to supervision by a third party, in his yearly round-up. ICAC Commissioner Timothy Tong apologised for officers' negligence, saying that 15 officers had faced disciplinary action for breaching the covert-surveillance ordinance last year.

Health

Chow says flu vaccines safe despite US recall: Health Secretary York Chow said he was confident the doses of swine flu vaccine supplied by manufacturer Sanofi Pasteur were safe and effective – despite a recall in the US. "HK has ordered swine flu vaccines from the same manufacturing company, Sanofi Pasteur. But the vaccines recalled are different from the Hong Kong batch – which consist of multi-dose vials. We confirm that our vaccines meet all the potency specifications," he explained.

Private hospitals not keen on new sites: Private hospitals say they are not keen on the four sites the government has proposed for new hospitals because of concerns about their location and lack of infrastructure. Secretary for Food and Health Dr York Chow invited interested parties to express interest in the development of hospitals in the four sites, but laid down a few requirements that developers must satisfy. Expressions of interest, which are not legally binding, must be submitted before March 31.

Environment

Full switch to gas for generating power not a cure-all: Even if HK switched all its power generation from coal to natural gas, it would be nowhere near meeting the minimum 25 per cent reduction in carbon emissions being urged for developed nations in efforts to curb global warming. To achieve a reduction of this scale, HK would have

to cut its emissions by 17 million tonnes. A full switch to natural gas would save just 11 million. It means the city would also need to slash energy demand from households, buildings and the transport industry, or harness far more nuclear energy and drastically expand the scope of reduction beyond the energy sector.

HK's role limited: Given its limited role in global climate talks, HK had to focus on what it could achieve on its own to reduce carbon emissions, the environment secretary Edward Yau said before he headed to Copenhagen. He reiterated that an absolute reduction target was impractical for the city. He said the city would focus on clean energy use, green transport such as electric vehicles, higher building energy efficiency, reuse of landfill gases and waste-to-energy measures to help lower its carbon emissions.

City looks to Beijing's carbon model: HK looks set to adopt a carbon intensity target, in line with what the mainland pledged voluntarily before the Copenhagen climate talks. Tsang told Premier Wen Jiabao that HK was willing to "co-ordinate" with the mainland's carbon reduction plan, but that the city would need Beijing's help to adjust its fuel mix in order to gradually reduce its reliance on coal and boost the proportion of gas and nuclear power in generation. "Premier Wen has agreed to it in principle and says he will study it seriously," Tsang said.

Culture and education

Key goals of school drug checks unlikely to be met, psychiatrists say: HK's psychiatrists have strongly criticised the drug-testing programme about to be launched in Tai Po schools, saying its effectiveness is in serious doubt and it is likely to be a waste of money. In the strongest public criticism of the scheme by a professional body, the Hong Kong College of Psychiatrists said there was evidence the two objectives - deterrence and finding young abusers early - would not be achieved.

Nearly half of high schools to teach in English: The number of secondary schools teaching in English in HK will almost double in September 2010 when the changes to language instruction policy take effect. This is the second turnaround of the medium of instruction adopted in local schools. The government adopted the mother-tongue policy in 1998 when all but selected secondary schools were ordered to switch their medium of instruction to Chinese.

Macau

Green light for Macau expansion: Beijing has endorsed a plan for Macau to gain 12 per cent more land through reclamation. Beijing's approval is considered timely to ease the land shortage in Macau. Residents have been promised green belts, low-rise housing estates, shopping complexes and public housing - but no casinos. Unlike HK, Macau must apply for permission for reclamation because the central government has jurisdiction over waters surrounding the city.

Macau shuts door again as Hu hails security law: At the inauguration of the new Macau government, President Hu Jintao said in a speech that Macau's smooth passage of the security law, under Article 23 of the Basic Law, demonstrated strong commitment to protecting the national interest. Hu also praised Macau for its lack of political disputes. The president arrived in Macau for a two-day trip to mark the 10th anniversary of the return to Chinese rule. Hu took the unusual step in his speech of highlighting HK's role in the practising of the "one country two systems" policy. Some analysts said he was putting pressure on HK to follow Macau in enacting a national security law. Two journalists and more than a dozen activists from HK were denied entry to Macau.

Turning the tables: Macau has done very well out of the gambling industry but its time for the city to diversify its economy. That was the message from President Hu Jintao in a ceremony marking the 10th anniversary of Macau's handover. Hu, who swore in new Chief Executive Fernando Chui, said Beijing wants Macau the world's top gaming spot to lessen its dependence on the casino business. The president called on the new administration to uphold four pillars work for the people, unity, and an efficient and clean government.

Varia

Asian Games bid 'more likely': The success of the East Asian Games has strengthened official resolve to explore the possibility of HK staging the 2019 Asian Games. Tsang Tak-sing, the Secretary for Home Affairs, said he was confident the territory could stage a successful Asian Games in 10 years, and also promised that a new sports hub would be ready by then. While only nine countries and regions took part in 22 sports in HK's first multi-sports event over the past fortnight, the Asian Games will feature about 40 sports and about 44 countries, which means HK will need extra facilities.

Press articles related to Switzerland and Swiss matters

HK, European nations to start trade talks (SCMP, Dec. 22): HK and several European states are set to begin talks aimed at hammering out a free trade pact, officials said. HK officials will sit down in early next year with their counterparts from the European Free Trade Association (EFTA), which comprises Iceland, Liechtenstein, Norway and **Switzerland**, according to a government statement. It described the four-nation group as an "important trading partner" with 15.6 per cent annual growth in two-way trade between 2004 and last year.

351.0 - ROH/LEE/KZF/CHW/KSW/TSM

Disclaimer

This is a review of the Hong Kong media and does not necessarily represent the opinion of the Consulate General of Switzerland. The Consulate General of Switzerland in Hong Kong does not bear any responsibility for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which might be incomplete or incorrect, will therefore be rejected.