

Economy + Finance

Lawmakers pass bill targeting tax dodgers: Lawmakers passed a bill that gives HK tax authorities greater power to gather information on suspected tax evaders and send it to authorities abroad. The move aims to fend off accusations that the city is a tax haven. The amendment to the Inland Revenue Ordinance will enable HK to adopt the latest international standards on exchanging information on the comprehensive avoidance of double taxation agreements, also known as CDTAs.

HK keeps No 1 ranking for economic freedom: HK remains the world's freest economy for the 16th straight year amid a global slide in economic freedom due to the financial crisis, according to a report just released. The index, released by the Heritage Foundation think tank and the Wall Street Journal, measures economic liberty in 10 areas. The report warned about the threats posed by the proposed statutory minimum wage and competition law to HK's economic freedom.

HK attracts the most businesses in 10 years: HK's free and well-developed business environment has prompted 265 companies to set up or expand in the city - the most in 10 years, InvestHK director general Simon Galpin said. These companies brought foreign direct investment amounting to at least HK\$4.4 billion. About 6,000 jobs are expected to be created in the first two years of their launch or expansion.

Consumer spending forecast to help boost economy 5pc this year: Local spending is expected to help HK's economy expand by about 5 per cent this year, according to University of HK forecasts. But the impact of lacklustre global demand and frugal US consumers will continue to weigh heavily on the city's recovery.

Jobless rate falls to 4.9pc, lowest for a year: The unemployment rate has fallen to 4.9 per cent, its lowest level since January of last year. Secretary for Labour and Welfare Matthew Cheung said a solid recovery of the labour market in the longer term would hinge on the pace of job creation in the corporate sector. "Our economic outlook is still subject to many uncertainties since we are a small and open economy," he said.

Prices increase 1.3pc as HK economy recovers: HK's inflation rate jumped to 1.3 per cent last month, and consumer prices are expected to climb further as the economy recovers. "This indicates that deflationary pressures have by and large receded as the economy continues to recover," a government spokesman said.

Domestic politics

Introduction: At present, the Legislative Council comprises 30 members by geographical constituencies through direct elections and 30 members by functional constituencies representing various sectors. Although the Basic Law provides that the ultimate aim is to elect the Chief Executive and Legislative Council by universal suffrage, it seems apparent that the Beijing Government and the HKSAR Government will propose only limited electoral changes in 2012. Pan-democratic lawmakers are dissatisfied with the situation and 5 members of pan-democratic parties have resigned to trigger by-elections as a de facto referendum on universal suffrage in 2012. The Beijing Government and the HKSAR Government consider any attempt to conduct a de facto referendum as a violation to the Basic Law. It is the background about the heated arguments between the pan-democratic parties on one side and the Beijing Government, the HKSAR Government and the pro-Beijing parties on the other side.

Five quit to force 'referendum' despite mounting criticism: Defying a wave of criticism, five lawmakers from the League of Social Democrats and the Civic Party resigned to trigger by-elections they see as a de facto referendum on universal suffrage in 2012. Chief Executive Donald Tsang said the resignations were regrettable but the government would hold by-elections for the seats vacated. Tsang said, "Despite calls to halt the plan, the Legislative Council members concerned have insisted on going astray. This will let many people down." Beijing has said any "so-called referendum" would be a "blatant challenge" to its authority and to the Basic Law. The government-friendly Democratic Alliance for the Betterment and Progress of HK condemned the de facto referendum exercise as a breach of the Basic Law and said it was against the public interest and would slow the pace of democratisation. Each of the five lawmakers stated in their resignation letters: "For citizens to directly participate in the process of constitutional reform, my four colleagues have decided to resign, hoping to trigger a de facto referendum and let citizens vote on the subject: to implement genuine universal suffrage as soon as possible and to abolish functional constituencies."

Beijing issues warning on 'referendum' bid: Beijing warned pan-democrats that resigning from Legco to fight by-elections in the quest for universal suffrage would be a "blatant challenge" to the Basic Law and the central government's authority. Pan-democrats see the by-elections - one in each of the five geographical constituencies - as a referendum on government plans for democratisation and the future of functional constituencies, but Beijing said that any "so-called referendum" would be inconsistent with the city's legal status. Not only that, it would be

"fundamentally against" the Basic Law and the 2007 decisions of the nation's top legislature about when universal suffrage can be introduced.

'Referendum' bid is against Basic Law, minister says: Any attempt to conduct a de facto referendum on HK's electoral reform would be inconsistent with the Basic Law, Secretary for Constitutional and Mainland Affairs Stephen Lam said. Lam said electoral changes could only be carried out using procedures prescribed by the Basic Law.

Quitters denied a parting shot by walkout: Beijing loyalists spoiled the goodbyes of five pan-democrats who have quit Legco - by walking out to stop them giving speeches justifying their actions. The walkout meant there were too few lawmakers in the chamber for the sitting to continue. Pan-democrats condemned the move as a gag on freedom of speech. However, Tam Yiu-chung, chairman of the Democratic Alliance for the Betterment and Progress of HK, said, "To show our dissatisfaction with the five lawmakers' resignations and their calling of a so-called referendum they have labelled an uprising, and their use of Legco as a platform for publicity, we will walk out in protest."

'Referendum' poser as DAB set to opt out: The Liberal Party said it would not contest forthcoming by-elections. Another major Beijing-friendly party, the Democratic Alliance for the Betterment and Progress of HK has expressed reservations about contesting the by-elections. The move comes as the Liberal Party denied succumbing to pressure from Beijing, despite intensifying speculation that the central government has discouraged government-friendly parties from joining the fray.

Chiefs defend police and condemn anti-rail protesters: Secretary for Security Ambrose Lee condemned anti-rail protesters - saying some of actions taken by them had "seriously undermined" the rule of law in HK. Dramatic protests erupted after lawmakers approved funding for a costly high-speed express rail link to the mainland. This sparked clashes between police and thousands of demonstrators outside the Legislative Council building. Chief Executive Donald Tsang also condemned the actions of the protesters and called them irresponsible for clashing with police, and urged them to reflect on their actions.

Express rail link opponents planning to step up battle: Activists opposing the express rail line to Guangzhou say their fight is not over even though funding of HK\$66.9 billion for the link was approved by lawmakers. Mirana Szeto, a core member of the Stop XRL Alliance, said the alliance would extend its campaign to communities along the 26 kilometre line by providing residents affected by the link with essential information and publicity to help them preserve their homes, and guard their rights.

Relations HK - Mainland China

Multitudes march for universal suffrage: The central government's liaison office witnessed the largest mass gathering on its doorstep on 1 January as tens of thousands of people walked past, calling for genuine universal suffrage, and hundreds insisting on a direct acknowledgement of their demands stayed on. March organisers claimed about 30,000 people took part, far exceeding their expectations, and cited the turnout as an example of the HK public's desire for the abolition of functional constituencies to achieve genuine universal suffrage. Although the march was ostensibly for genuine universal suffrage and taking place within the consultation period for political reform, various groups ranging from women's rights advocates to residents of different districts dissatisfied with government planning decisions also took to the streets. However, the most prominent issue that attracted the participants was the sentencing of dissident Liu Xiaobo for 11 years after he was found guilty of subversion. Liu was a key drafter of the Charter 08 manifesto for democratic reform on the mainland.

Beijing warning over HK protests: Days after young activists clashed with police outside the central government's liaison office, and with fears of similar clashes over a rail project, Peng Qinghua, Beijing's top official in HK, made a rare appeal for protests to remain peaceful. The city would not tolerate radical demonstrations, he warned. "While we respect citizens' expression of various views and demands, we hope these expressions can take place in a rational and peaceful atmosphere. If some actions which are too radical arise in the process, this is against the expectation of citizens," he said. "We hope in the future, rational discussion can be conducted on major political, economic and livelihood issues in HK."

Police seek mainland help on border breach: Police are asking mainland authorities to help identify a suspected plain-clothes public security officer who crossed into HK territory during a protest last month. Police said the suspected plain-clothes mainland officer was seen crossing over to the HK side of the Lo Wu bridge and removing a banner from an activist during the protest in support of jailed dissident Liu Xiaobo. HK police were accused of failing to stop mainland officers from dragging protesters across to the Shenzhen side of the bridge.

Democrat's motion calling for Liu Xiaobo's release defeated: Government allies on the Legislative Council defeated a motion calling for the release of Liu Xiaobo and other dissidents jailed on the mainland, saying it would amount to "interference in the mainland jurisdiction". The non-binding motion, presented by the Democratic Party's Fred Li, urged the central government to immediately free Liu, who is serving an 11-year sentence in Beijing for subversion. Liu was a co-author of the democracy manifesto Charter 08. The pro-Beijing camp hit back, arguing that Legco would be violating the "one country, two systems" principle if it passed the motion.

Transborder affairs

Finance Committee endorses rail funding: The Legislative Council's Finance Committee has endorsed the funding for the local section of the Guangzhou-Shenzhen-HK Express Rail Link. Secretary for Transport & Housing Eva Cheng said the project was in the best interest of HK. The construction work for the Express Rail Link has been scheduled to commence in January 2010 for completion in 2015.

HK and Shanghai sign MOU to advance financial co-operation: HK and Shanghai signed a Memorandum of Understanding (MOU) to promote financial cooperation and mutual development. The priority areas for advancing financial co-operation stated in the MOU include the development of financial markets, encouraging and supporting the mutual establishment of financial institutions, and stepping up training and exchange of financial talent. The agreement also provides for enhanced exchanges between the financial sectors of HK and Shanghai.

Legal affairs and human rights

Chief justice stresses need for independent judiciary: Chief Justice Andrew Li emphasised HK's separation of powers and the role of an independent judiciary as a guardian of rights and freedoms. His remarks, at the opening of the legal year, came weeks after a top Beijing official lauded Macau's "co-operative" judiciary for being socially constructive. It was Li's 13th and final speech at the opening of a legal year. He will step down in eight months. The lead topic of his speech, the independence and role of the judiciary, went to the heart of HK's greatest concerns since the resumption of mainland sovereignty - the preservation of the rule of law and an independent judiciary within a sovereign state with one-party rule.

Health

Public shaken by apparent flu-shot illness: Public confidence in vaccinations against swine flu has been shaken after a private doctor suffered severe nervous system damage following a shot, the first such case reported in HK. Secretary for Food and Health Dr York Chow said the government would not conclude the vaccine was unsafe unless more severe complications were recorded. The government would check with the supplier whether complications had been reported overseas.

Another miscarriage reported as jabs upheld: Health authorities stand by their call for pregnant women to get the swine flu jab as the total of number of reported miscarriages following vaccination increases to five. The Centre for Health Protection said pregnant women were classified as a target group for the jab by the World Health Organisation. The vaccination rate has been severely hit by recent reports of suspected side effects.

Environment

Going green with discarded electronics: The entire system of collecting and recycling discarded electronic and electrical appliances will face a major overhaul under government proposals to introduce fees for handling such "e-waste" in HK. The sweeping changes will see consumers paying more for their electronic gadgets, retailers being required to take back old appliances and many recycling yards in the New Territories facing licensing regulations over disassembling and storing the waste.

Culture and education

New diploma stands up to top benchmarks abroad, study shows: A top score in HK's new school-leaving diploma is worth more than the highest grade in the much-vaunted International Baccalaureate exams, a study has shown. Information released by the examinations authority shows the diploma examinations compare favourably with other international exams using the British centralised universities admission system's yardstick.

More apply to schools switching to teach in English: Schools that will switch to teaching entirely in English from September have seen applications for discretionary places soar by as much as 27 per cent. A total of 16 Chinese-medium schools have got the go-ahead to teach in English since the so-called fine-tuning of the government's medium of instruction policy was unveiled last year. The changes mark the end of the mother-tongue teaching policy that forced most secondary schools to teach only in Chinese.

Macau

Top officials' business interests pose hurdle to 'sunshine law' in Macau: A proposed "sunshine law" requiring Macau officials to disclose their wealth faces a hurdle in the form of complex business interests at high levels of the government, analysts say. Chief Executive Dr Fernando Chui said that he was considering a sunshine bill, echoing President Hu Jintao's call for a cleaner Macau government. Jose Coutinho, a legislator and head of the Macau Civil Servants Association, said the biggest challenge facing enactment of such a law came from within the government. Under Macau's existing asset declaration law, top officials only need to report their wealth to the Court of Final Appeal, and the public is barred from accessing the files on their assets.

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