

**A condensed press review prepared by the Consulate General of Switzerland in HK****Economy + Finance**

**No quick fix on home prices, FS says:** Government efforts to rein in rising property prices will take some time to have an impact, the financial secretary John Tsang warned. He reiterated the administration was ready to take more steps to curb speculation in the property market. Over the past year, property prices have risen by up to 27 per cent, which the financial secretary had called exceptional.

**Government intervenes to ease housing shortage:** Relief is on the way for home-hunters struggling to find a place they can afford - the government announced that thousands of flats left over from two subsidised housing schemes will be put on sale. The move, aimed at cooling the property market, will see the sale of 4,000 flats under the Housing Authority's Home Ownership Scheme HOS and 374 under the Housing Society's sandwich class scheme. But a relaunch of the HOS scheme was ruled out.

**NZ, HK sign free-trade deal, the city's first outside China:** HK and New Zealand have ratified a free-trade agreement that will allow people travelling on business between the two places to stay for up to three months. The deal also provides for co-operation on environmental and labour issues and gives preferential treatment to companies in a range of service sectors, including communications, education, logistics and shipping. New Zealand will also scrap duties on all imports of HK goods by 2016. It is significant as HK's first closer economic partnership agreement with an economy outside China, and paves the way for the negotiation of other, similar bilateral deals.

**HK seeking tax treaties to silence haven claims:** Fighting criticism that it has become a worldwide tax haven, HK is aggressively pursuing tax treaties that would allow greater exchange of information with its trading partners. These include the United States, which has stepped up its pursuit of US tax dodgers in the region in the past year. HK is "talking to" 15 or more countries about tax agreements, Professor Chan Ka-keung, the secretary for financial services and the treasury, said after signing a comprehensive double taxation agreement (CDTA) with the Netherlands this month.

**HK arrivals up 18pc to record high:** A record high of almost 5.5 million people visited HK in Jan-Feb, up 18.2 per cent from a year ago. Visitors from long-haul markets, which have been hit hard by the credit crunch and global downturn, were up more than 9.7 per cent year on year. The relatively strong turnaround should be put in perspective, however; the base of comparison is a low one, since visitor numbers from nearly all markets dropped last year.

**Jobless rate falls to 4.6pc - a 13-month low:** The unemployment rate has fallen to 4.6 per cent, a 13-month low. Secretary for Labour and Welfare Matthew Cheung said unemployment was likely to ease further in the next couple of months, given the positive business sentiment. "Beyond that, the outlook will hinge on the external environment and the pace of economic growth, in particular, the number of jobs created to absorb fresh graduates and school leavers entering the labour market this summer," he said.

**Lunar New Year price rises push inflation to 13-month high:** Inflation edged up almost 2 per cent over the first two months of this year as the Lunar New Year holiday pushed up consumer prices 2.8 per cent in February, the most in 13 months, government data shows. "Overall price pressures have inched up but were still tame in early 2010," a government spokesman said. "The overall, inflation rate, whilst likely to climb further as the economic revival takes hold, is likely to remain relatively modest in the near term."

**Domestic politics**

**CE seeks middle ground on reform:** Compromise was needed for progress to be made on electoral reform, Chief Executive Donald Tsang said. His government was looking for "middle ground" acceptable to all sides, he said. Asked about a call by Peter Wong, a HK deputy to the National People's Congress, for the government to dust off shelved national security legislation to enact Article 23 of the Basic Law, Tsang said it was not his priority. "My attention is on how to fix the 2012 proposal as soon as possible. For Article 23, I have said that legislation is not my priority now," the chief executive said.

**Meeting, but no meeting of minds:** A government minister made an unprecedented visit to Democratic Party headquarters, but emerged with the two sides just as far apart on electoral reform. Although both sides hailed the meeting as a good occasion for dialogue, party veteran Martin Lee said the official, Secretary for Constitutional and Mainland Affairs Stephen Lam, had not come with any concessions. "It is very clear tonight we did not get what we wanted," said party vice-chairwoman Emily Lau. The party would find it "very difficult" to support any proposal for electoral reform that lacked concrete assurances from Beijing that genuine universal suffrage would be introduced for the election of the chief executive in 2017 and that of the Legislative Council in 2020, she said.

**De facto referendum will have no legal effect, justice minister says:** Secretary for Justice Wong Yan-lung, in his first public comments on the by-elections seen by pan-democrats as a de facto referendum on political reform, says political development must be initiated according to the Basic Law. The so-called referendum would have no legal effect, he said. "All along we have emphasised that constitutional development in HK must be done in compliance with the Basic Law as well as with the decision by the Standing Committee of the National People's Congress [in 2007 over what can be reformed in 2012] ... if anyone is to introduce a "referendum" to affect the development of constitutional reform, this will not be in line with the NPCSC decision and the Basic Law," Wong said.

### **Relations HK - Mainland China**

**Premier spells out concerns for HK:** Premier Wen Jiabao elaborated for the first time on the "deep-rooted conflicts" in HK, acknowledging that the city's constitutional reform process, along with economic challenges, were issues of concern. "In the future, not only will HK have great economic developments, but it will also develop democracy in a gradual and orderly manner according to the Basic Law." Wen said. The other conflicts Wen pointed out were: HK's economic edges should be further developed to maintain its status as an international financial, shipping and trade hub; it should boost industries with local advantages, particularly the service sector; it should use its geographical advantages, enhance co-operation with the Pearl River Delta and make use of the large market and rapid economic growth on the mainland; and it should improve people's livelihoods and enhance education.

**State leader calls for rational debate on political reform:** Vice-President Xi Jinping called for rational discussion on constitutional reform "in view of HK's interests as a whole" when he met local Beijing loyalists. Of the HK government's three-month public consultation on electoral reforms, which ended last month, Xi said: "The majority of citizens hope that HK's political system will move forward in 2012, on the basis of the Basic Law and the relevant decision made by the National People's Congress Standing Committee." Xi also spelled out his hopes for HK and Macau delegates, urging them to help promote exchanges between the mainland and the two cities, and to study matters concerning economic co-operation between Guangdong, HK and Macau.

**Beijing says the word 'uprising' is intimidating:** The central government liaison office director Peng Qinghua has made his most strongly worded criticism yet of the "de facto referendum" movement, saying the use of the word "uprising" in its campaign slogan was intimidating. "HK people treasure the rights to democracy and freedom, and disdain endless political disputes," said Peng, the central government's top representative in HK. "Recently, some political groups have launched a so-called referendum in five constituencies. They even chant some intimidating and extreme slogans such as a 'general uprising' and 'liberate HK'. This is a blatant challenge to the Basic Law and violation of mainstream public opinion to seek stability and harmony. The general public will not recognise it."

**Beijing won't give pledges on suffrage:** In a blow to moderate pan-democrats seeking dialogue with Beijing on electoral reform, the central government said it could not meet their request for pledges about the road map to universal suffrage in HK. The message was delivered by Peng Qinghua, the head of the central government's liaison office in the city, who said no such pledges could be made until HK's lawmakers and the chief executive reached a deal on the electoral methods for 2012. Peng Qinghua was quoted by local deputies to the National People's Congress as giving his "personal opinion" at a closed-door meeting with the deputies in Beijing.

### **International affairs**

**US criticises lack of democracy in HK:** The US government has criticised the HK government for limiting the ability of its people to change their government. It singled out functional constituencies for giving "disproportionate political influence" to certain sectors of the community. A HK government spokesman said the city had been making steady progress on constitutional development in accordance with the Basic Law since the handover.

### **Legal affairs and human rights**

**Law makes it easier to redevelop old buildings, but also provides for mediation:** The Legislative Council has passed a controversial law to make it easier for private developers to acquire buildings. It will take effect next month and potentially affects residents in more than 4,000 buildings. The law, which comes into effect on April 1, will allow developers to seek compulsory sale of a building after acquiring 80 per cent of the property interests in it, down from the present 90 per cent. It affects old buildings and those where developers own all but one unit. Human Rights Monitor expressed regret and said that the measure favoured developers.

### **Environment**

**Pollution level goes off the chart:** HK was caught by surprise when a sandstorm from parched northern China descended on the city, pushing readings off the top of the 500-point air pollution index and prompting questions about why no early warnings were issued to the public. But environment and health officials said not much could be done to alleviate the effects of the choking murk, which was borne in on easterly winds

along the coast causing already-high pollution readings to jump sixfold. The pollution - which made headlines in international media that often highlight HK's air quality problems - has raised questions about why nothing has been done to set up a warning system for pollution - similar to typhoon warnings - that has been under study for three years.

**HK can halve emission intensity, study finds:** HK is capable of cutting its carbon emission intensity - the amount of carbon emitted per unit of GDP - by more than half, says a study commissioned by the British-based Climate Group. To mitigate the growth in carbon emissions, the study said the city should focus on energy efficiency and adjusting its fuel mix such as expanding the use of natural gas in power generation and making use of renewable energy across the border. It calls on HK to adopt tighter standards in the mandatory building energy code and take the lead in research and development as well as deployment of low carbon technology in the Pearl River Delta region.

### **Culture and education**

**Arts hub chief vows to put HK on map:** Graham Sheffield, the head of the largest performing-arts centre in Europe, has been chosen as Chief Executive of the arts hub to guide the HK\$21 billion West Kowloon Cultural District in its formative years. He promised to put HK "firmly on the map" of the world's culture seekers. The arts hub, he said, would be built with local pride while creating global importance.

### **Macau**

**Macau chief deals out cash in first address:** Macau Chief Executive Fernando Chui announced a three-billion-pataca (HK\$2.9 billion) scheme of cash bonuses for residents in his first policy address. He announced the extension of many policies outlined by his predecessor Edmund Ho – as well as a few surprises. They included the construction of public housing flats, limiting excessive casino growth and studying the licensing of card dealers. Macau's gross domestic product (GDP) rose annually by 8.2 per cent in the third quarter of last year.

**Ho wins spot at CPPCC top table:** Former Macau chief executive Edmund Ho became a vice-chairman of the Chinese People's Political Consultative Conference. He pledged to promote ties between Guangdong, HK and Macau, and to strengthen communication between the central government and his city. Ho was the only candidate in an "election" at a conference meeting. The CPPCC now has two vice-chairmen from Macau. Businessman Ma Man-kei, 90, has held the position since 1993.

### **Varia**

**Link with Taiwan to foster ties 'almost ready':** A formal platform for HK and Taiwan to explore closer ties in economic and public policy affairs is "almost ready", according to Stephen Lam, HK's constitutional minister. Ties between HK and Taiwan have grown closer, following improvements in relations between Beijing and Taipei. Lam and Secretary for Commerce and Economic Development Rita Lau led the delegation, which includes tourism officials, to visit Taiwan.

### **Press articles related to Switzerland and Swiss matters**

**Jeweller banned from fairs over its sick workers (SCMP, 3<sup>rd</sup> March 2010):** A HK jewellery producer has been banned from a major fair in the city and one in Switzerland for failing to compensate workers suffering from a lung disease. The organiser of Baselworld, MCH Messe Schweiz (Basel), wrote to the Lucky group, which also includes Lucky Gold & Silver Co, to say it was disappointed that the group had avoided paying compensation. "This behaviour, at the cost of workers undoubtedly suffering from a grave illness, risks harming the image of all parties involved. We refuse your application and we do not admit Lucky Gold & Silver Co Ltd for Baselworld 2010." it wrote.

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