

Economy + Finance

Anti-business sentiment on the rise over widening wealth gap: HK's failure to tackle its rich-poor divide is fuelling hatred towards the city's business community, Executive Council convenor Leung Chun-ying said. Leung said certain remarks from renowned businessmen and tycoons concerning the issue of poverty alleviation had also irritated sections of the public, contributing to a growing resentment of the rich. "We have 510,000 workers in the city earning less than HK\$6,000 each month. Although the city's currency reserves have increased threefold since 1997, the median household income has decreased," he said. "If this remains unsolved, undesirable consequences may emerge."

Luxury site sets Kowloon record at land auction: A luxury residential site in Kowloon topped records at a government land auction, underpinning the buoyancy of the runaway property market. A developer won the most expensive site in Kowloon in terms of floor area price (total HK\$1.285 billion, or HK\$16,587 per square foot). HK's home prices have surged about 45 per cent since the beginning of last year, prompting a series of cooling measures including reducing the availability of mortgage loans for luxury and investment properties as well as tighter control on speculative selling.

HK reports world's largest increase in millionaires: HK saw the largest increase in US dollar millionaires in the world last year - up 104.4 per cent to 76,000. The report by Merrill Lynch Wealth Management and consultancy Capgemini said the combined wealth of US dollar millionaires in HK rose almost 109 per cent to US\$379 billion (HK\$ 2,940.7 billion). The Asia-Pacific's population of high net worth individuals also rose 25.8 per cent to three million last year - catching up with Europe's high net worth individuals for the first time. "The Asia-Pacific's high net worth individuals population matching Europe's for the first time highlights the region's growth potential - with China and India at the forefront and Japan remaining an important market," Merrill Lynch Wealth Management explained.

Think tank chief says mainland sales vital to HK: HK's competitiveness hinges on local companies adapting their experience in wholesaling and distribution in Western countries to tap the mainland's domestic market, says Victor Fung, chairman of the Greater Pearl River Delta Business Council. In the light of the mainland's fast-growing domestic market, HK firms should gradually shift their focus away from exporting products manufactured on the mainland to overseas counties and towards extending their distribution networks north of the border.

Jobless rate falls to 4.2pc: HK's unemployment rate fell to 4.2 per cent between June and August as employers kept hiring on the back of a stronger economy. The city's total employment climbed by about 12,400 to 3,512,600 in the latest period, with new hiring in several sectors including courier services, entertainment and building maintenance.

Inflation rate remains steady: HK's inflation rate remained steady, as the underlying consumer price index rose 1.9 per cent in August, year-on-year. A government spokesman mentioned that looking forward, there were some upside risks to inflation, especially if the economy continued to grow briskly and labour market conditions improved further.

Domestic politics

Chief Executive wins public approval for handling of Manila hostage tragedy: The popularity of Chief Executive Donald Tsang has risen to a record high after the Manila hostage tragedy, a University of HK survey shows. He has seen his rating rise by 7.2 points to 58.5 compared to a similar poll before the August 23 shootings. It is the highest popularity rating for Tsang in two years. Respondents who had confidence in Tsang also rose by 12 percentage points to 47 per cent. The confidence rating for Secretary for Security Ambrose Lee rose by five percentage points to 71 per cent. Chinese University academic Ma Ngok said Tsang's rebound would not last long. "People will soon forget how well the government has handled the aftermath of the hostage tragedy, especially if he has no substantial policy to be announced in his policy address next month."

Trade union group wants more Legco seats in 2012: The Federation of Trade Unions aims to contest five of the Legislative Council's 10 new seats and also field candidates in all the geographical constituencies in 2012. Its leader, Cheng Yiu-tong, may be among those standing. Cheng, who sits on the Executive Council - the chief executive's cabinet - said members had strong hopes of the federation gaining more legislative power. It has four of the current 60 seats. Details of the 2012 election have not been agreed by the Legislative Council yet.

Relations HK - Mainland China

Chief Secretary's whirlwind trip to Beijing causes a stir: Chief Secretary Henry Tang made a seven-hour trip to Beijing to discuss HK's economic co-operation with the mainland - a move observers considered highly unusual. China affairs analyst Johnny Lau said the discussion topic announced - for which there was no pressing need, would not require Tang to drop his duties in HK and pay a special visit to the capital. "We cannot rule out the likely possibility that Beijing has to make some emergency decisions over the Philippine tragedy, which it needs HK to implement. Since Chief Executive Donald Tsang is not in town, Henry Tang was summoned," he said. Political insiders also suggested various possible reasons, including Tang's chance of running in the 2012 chief executive election. Ivan Choy of Chinese University, said people had the impression that Tang had been lagging behind in campaign work compared to another frontrunner, Executive Council convenor Leung Chun-ying.

President Hu offers condolences and support for HK's follow-up work: President Hu Jintao said that the central government would continue to support HK's follow-up work on the Manila hostage tragedy when he met Chief Executive Donald Tsang in Shenzhen. Hu said HK had made a tremendous contribution to Shenzhen's development in the past three decades and hoped it would take part in development of the zone. Tsang thanked the central government for its concern over the tragedy and its support for HK.

International affairs

Call for a change to emergency protocol: Lawmakers of all political colours are urging the government to take the opportunity of the Manila hostage bloodbath to clear away obstacles to HK's dealings with other countries in emergencies. They say the obstacles stem from HK's sub-sovereign status that limits its dealings in foreign affairs, and ways should be found to ensure swift and direct communication in future crises. They also want direct HK involvement in the Philippine inquiry into the tragedy in which eight Hongkongers were gunned down by a disgruntled former Manila policeman, who was himself killed. Chief Executive Donald Tsang phoned Philippine President Benigno Aquino in the afternoon of the day of the hostage-taking, but the president missed the call and did not respond until the next day.

Ukraine in visa deal with HK amid warming trade ties with China: HK struck a visa-free travel agreement with Ukraine as its president hailed the city's role in his Eastern European nation's emerging "strategic relationship" with China. President Viktor Yanukovich said he wanted HK investors to play a key role in a new era of "political pragmatism and economic modernisation" after long years of "political confusion". HK officials said that while Eastern Europe remained an important emerging region for the city, the flurry of activity did not represent a sudden new push but rather efforts to steadily build links. Trade with Eastern Europe was largely insulated from the worst effects of the global financial crisis.

Transborder affairs

Taipei brings in free online visa to boost travel: Hongkongers may not yet enjoy visa-free entry to Taiwan, but from 1st September 2010 they can get free visas - applied for online and printed out at home. The measure was announced by Taiwan's government, as Financial Secretary John Tsang completed his four-day historic visit to Taipei to promote ties. But the offer was not greeted with any reciprocal measure from HK, with Tsang saying arrangements were under review. To be eligible for the visa, travellers must be HK- or Macau-born or have visited Taiwan before. The visa will be valid for 90 days, with a maximum stay of 30 days.

HK to lead, says Guangdong chief: HK will lead the development of financial collaboration with Guangdong, the province's governor Huang Huahua said after the two sides met and signed four co-operation agreements. He said financial co-operation would be the highlight of the two sides' future development. Huang said that the key is to develop financial co-operation led by HK with the support of cities such as Guangzhou and Shenzhen in the Pearl River Delta. HK Chief Executive Donald Tsang said HK's financial co-operation with Guangdong would be unlimited. Officials signed four agreements on scientific research, agricultural products, marine search and rescue as well as one relating to the implementation of the Framework Agreement on Hong Kong-Guangdong Co-operation signed in April.

Legal affairs and human rights

New chief justice vows to defend rule of law in HK: Mr Justice Geoffrey Ma, who has taken over as chief justice after Andrew Li's retirement, said he was aware of public expectations and that he would do his best to uphold the rule of law and independence of the judiciary. Deciding whether or not to refer Basic Law issues in certain cases to Beijing and providing legal assistance for those who do not have lawyers to represent them in court are likely to be among the challenges Ma will face, lawyers and academics say.

Health

Executive Council approves voluntary health insurance plan: The Executive Council approved a medical insurance scheme that will bring fundamental change to private and public health care. The voluntary plan aims to encourage people to switch from reliance on public hospitals to using private health care by offering them health insurance subsidised with a government start-up fund of HK\$50 billion. A public consultation will

be launched next week. If legislators approve the scheme's funding, it can come into effect by 2013. The proposed insurance will cover at least half of the cost of basic in-patient services at private hospitals, such as surgical procedures and accommodation in third-class wards. Out-patient consultations and cosmetic surgery will not be covered. The government hopes at least 500,000 people will join the scheme to ease pressure on the public medical system, which is overburdened. People familiar with the scheme said young adults will pay about HK\$150 a month while older people will be charged a higher premium.

Traders in breach of nutrition label law: Only two months after a new nutrition labelling law was introduced, growing numbers of traders have been found flouting it by failing to display the required information or printing false information to dupe consumers. The breaches have been discovered during checks by the Food and Environmental Hygiene Department since July 1 on the labels of about 11,000 prepackaged food items, of which 110 samples have been taken for chemical analysis. So far, 71 food items have been found apparently breaching the law, being displayed without nutrition labels, lacking required nutrient information or having inaccurate information on their labels. The non-compliant products involved about 50 shops of different sizes across the city, the department said.

Environment

33pc cut in carbon emissions proposed: HK has been given a target of slashing its carbon emissions by up to 33 per cent in a decade. Up for public consultation are plans to generate half the city's electricity from nuclear power, and phase out coal-fired power stations, by 2030. The target, more stringent than the mainland's but less aggressive than that required of developed economies by the United Nations, would mean cuts in carbon emissions of between 19 per cent and 33 per cent from 2005 levels by 2020. Apart from increasing the proportion generated from natural gas from 23 per cent to 40 per cent, nuclear power would take over from coal as the major energy source. Green groups said the government should have opted for the still more stringent UN standards, and heavily criticised the plan's reliance on nuclear power.

HK tests first rechargeable 'green bus': HK's first green bus, the gBus, is in the city for a six-month trial, Kowloon Motor Bus said. The single-deck gBus is an electric bus powered by 'supercapacitor' technology and produces no roadside emissions. It has a maximum capacity of 70 passengers and runs at a maximum speed of 50 kilometres per hour. The bus will be tested under hot and wet weather conditions as well as undergoing loading and reliability tests. The company plans to introduce the model to its fleet within a year.

Culture and education

Education minister restates opposition to smaller classes: Education minister Michael Suen reaffirmed the government's refusal to introduce small-class teaching to solve the problem of under-enrolment in secondary schools. He instead asked all schools to join a voluntary class reduction scheme so that the shortfall in student numbers could be equally shouldered by all, which would help avoid school closures. He said the government, which runs 32 secondary schools, would take the lead in joining the scheme. The Professional Teachers' Union, which threatened mass demonstrations and strikes if the government continued to block small-class teaching, vowed to rally the whole sector against the government.

Lawmakers seek arts hub financing details: The West Kowloon arts hub authority is being urged to disclose financial details behind the three development plans proposed by world renowned architects to enable the public to make an informed decision in selecting their favoured scheme. In his first meeting with lawmakers, authority chief executive Graham Sheffield was asked to provide more details of the financial models proposed by the three architectural companies, and for a comprehensive arts and cultural policy. All three architects, Norman Foster, Rem Koolhaas and Rocco Yim, said during the public consultation that their development schemes were all within budget. But few details have been given on how the money will be used and invested.

Varia

Games bid estimates loss of HK\$13.8b: HK could make a financial loss of about HK\$13.8 billion if its bid to host the 2023 Asian Games succeeds, according to calculations from a government consultation document. The estimates exclude the HK\$30.17 billion construction cost of eight new venues, as the government said they were in the pipeline whether the city hosted the Games or not. They also do not take into account expected economic benefits of HK\$400 million to HK\$600 million from up to 69,000 tourists and the creation of up to 11,170 jobs. Secretary for Home Affairs Tsang Tak-sing described pouring billions into the Games as an investment that would boost the city's sports development, social cohesion and international status.

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