

Economy + Finance

Airport needs HK\$136b for third runway: The public is being asked to make a choice: an airport with or without a third runway by 2030. The third runway - with a cost of HK\$136.2 billion, factoring in inflation - would be the city's most expensive single project, but the Airport Authority said it would bring eight times as much in economic benefits over the next 50 years. The cost was put at HK\$86.2 billion in 2010 dollar terms. If the plan is rejected, the authority says, the airport's two runways will run out of capacity by 2020. HK will stand to lose 23 million air passengers, 2.9 million tonnes of cargo volume, 182,000 aircraft movements and 96,000 jobs that the city could have had in 2030.

Tax cut threatens shopping hot spots: Beijing's plan to cut import tax on luxury goods is expected to pour cold water on sizzling spending in HK's top tourist hot spots. Although the extent of the potential cut is unclear, some analysts estimate that tariffs on big-ticket items such as watches, jewellery, gold and silver ornaments could be reduced to as little as 2 per cent from 15 to 30 per cent. This effectively means mainland tourists, the darling of HK retailers, will no longer have to flock to tax-free shopping districts for luxury goods.

Financial Secretary sees risk of higher inflation: HK faces the risk of higher inflation in the next few months, Financial Secretary John Tsang warned. He cited economic growth, rising global food and commodity prices, and the new minimum wage as causes. He also voiced fears about the risks posed by a prolonged period with an overheated property market. "Recently, we have announced a list of measures to suppress property bubbles, to prevent credit inflation caused by excessive liquidity." Inflation in the first five months of the year stood at 4.3 per cent.

Tax blow for HK staff on mainland: A policy that requires overseas employees on the mainland to pay up to 22 per cent of their wages into the country's social security fund threatens to drive thousands of companies and professionals out of business. The deputy chairman of the Federation of HK Industries, Stanley Lau, described it as the last straw for manufacturers already struggling with rising prices, soaring wage bills, a strong yuan and chronic power and labour shortages. It comes into effect on July 1. Under the Social Insurance Law passed last October, all overseas people who have worked on the mainland for more than six months will have to pay social security insurance.

Number of HK millionaires jumps 33pc: The number of millionaires in Asia-Pacific has jumped sharply to overtake Europe, a study said – driven by the fast-rising super-rich population of HK. The growth in Asia was led by the number of millionaires in HK, which grew 33.3 per cent last year to 101,300 people, compared with 76,000 in 2009 – the second straight year in which the city's super-rich population grew the most. The rocketing number of millionaires in HK was due to a healthy economy as well as gains in the equities and real estate markets, said the report.

Domestic politics

By-election battle intensifies: The political battle over a controversial bill to scrap by-elections intensified as the government's big guns were rolled out to counter growing calls for the withdrawal of the proposed amendment. As pan-democrats stepped up their calls for people to take to the streets in July 1 march in protest over the bill, Secretary for Justice Wong Yan-lung and Secretary for Constitutional Affairs Stephen Lam issued a staunch legal defence of a revised proposal which would see Legislative Council seats vacated midterm filled - in most cases - by people on the same party list as the ex-incumbent. The pair's public appearance was a response to the Bar Association's fourth warning that the proposed amendment was unconstitutional. The original plan to award the seat to the next-placed candidate overall was introduced to stop stage-managed or politically inspired resignations, such as those last year when five lawmakers quit their seats to trigger by-elections they hoped would be a referendum on democracy. But the administration is facing challenges even from its own allies on the revised bill. The government announced the U-turn to allow the next-placed candidate on the same ticket as the departing member to fill a midterm vacancy, instead of the next overall. 13 pro-government and independent lawmakers said they were still undecided on which way to vote. 700 people had signed an online petition initiated by academics, urging the bill's withdrawal.

Gregory So appointed commerce secretary: Greg So has been appointed secretary for commerce and economic development to succeed Rita Lau, who resigned for health reasons, the government announced. A government spokesman said the Central People's Government had approved So's appointment on the recommendation of Chief Executive Donald Tsang. So is a member and former vice-chairman of the

Democratic Alliance for the Betterment and Progress of Hong Kong. He was appointed undersecretary for commerce and economic development in 2008.

Chief Secretary's links to net group questioned: Lawmakers are demanding Chief Secretary Henry Tang answer claims that he has links to an internet organisation embroiled in a HK\$220 million government contract row. Pan-democratic and government-friendly legislators also called on Tang - who is widely tipped to stand for the position of next chief executive - to dispel suggestions in media reports that he may have begun a "soft" online campaign to promote his candidacy using civil-service time. Tang, along with other potential hopefuls for the city's top job, has not officially announced his candidacy. The lawmakers said Tang needed to clarify his links to the Internet Professional Association (iProA) and whether he had ever used it to do online work for him. The group is caught up in a controversy sparked by former civil servant Jeremy Godfrey's allegations that it won a contract to co-administer a HK\$220 million IT learning programme because of interference from top government officials. In a statement issued through the government's Information Services Department, Tang said: "All of my allocation of government resources complies with government regulations," adding he had "no participation in the internet learning programme".

Officials hit back at Legco hearing into I.T. contract: Government officials hit back at claims of political interference by whistle-blower Jeremy Godfrey in the awarding of an HK\$220 million contract to run an internet learning programme. They accused former government information technology chief Godfrey of overseeing an unfair selection process at a special meeting of a Legislative Council panel. Godfrey made his most detailed accusations yet of alleged "political pressure" from senior officials in the awarding of the contract to provide IT training to the underprivileged. He claims Financial Secretary John Tsang and Permanent Secretary for Commerce and Economic Development Elizabeth Tse directed a "political assignment" to give the contract to a company called eInclusion, a tie-up between the Internet Professional Association (iProA) and the Boys' and Girls' Clubs Association.

Relations HK - Mainland China

Flames of remembrance undimmed by the years: Tens of thousands of candle-bearers packed Victoria Park on June 4 to mourn those who died in the crushing of pro-democracy protests in Tiananmen Square in 1989. In his speech at the two-hour vigil in Victoria Park, Richard Tsoi, vice chairman of the HK Alliance in Support of Patriotic Democratic Movements in China, described Beijing as "a butcher fearful of disclosing the true figure [the death toll] who still wants to cover up the truth." Alliance chairman and lawmaker Lee Cheuk-yan said more than 150,000 people took part and accused the police of trying to stop more people entering the park by closing some entrances.

Beijing official urges greater unity in HK: The central government's HK affairs chief urged different factions in HK to put aside their differences and show more support for Chief Executive Donald Tsang. Speaking at a lunch with government officials and legislators, Wang said more co-operation was needed in the city. "The key to improving HK's competitiveness depends on all sectors. They should reach a consensus with the HKSAR government and focus their efforts on economic developments so that HK can firmly grasp the opportunities ahead," he said.

HK urged to get back to basics: HK urgently needs to address basic issues, such as housing, before they become political problems, Beijing's head of HK affairs said. Wang Guangya, director of the State Council's HK and Macau Affairs Office, said a sense of urgency was needed to keep a competitive edge over the region's other economies. "HK has a lot of advantages, but the challenges are there, and the challenges are real," he said. "I think that HK should have a sense of urgency, not only the government itself, but all our compatriots in HK."

Grateful Ai Weiwei praises HK's role: Released artist-activist Ai Weiwei expressed his gratitude to the people of HK for their support and called the special administrative region a model for Chinese society. "I was aware that many people in HK have appealed for and supported my release. I'm very touched by that," Ai said. "We Chinese should head towards being more open and reasonable, which is the indicator of an advanced society. HK is the model of being open and reasonable." Many groups from all walks of life in HK held rallies or appealed for the release of the outspoken critic of the central government, and graffiti in HK in support of Ai grabbed the headlines for weeks. Ai's expression of gratitude to HK echoed that of melamine-tainted-milk activist Zhao Lianhai, who wrote on the internet that "HK has not fallen yet, that's where our hope lies", after he was granted medical parole in December.

Transborder affairs

HK sets hospital limit for mainland births: The government would limit the number of women from the mainland giving birth in HK next year to ensure there were enough maternity beds for local mothers, Secretary for Food and Health York Chow said. Chow announced that from next year, public hospitals would only admit non-local pregnant women when there were spare beds. The number for next year was estimated at 3,400, he said. Private hospitals would limit admissions to around 31,000, down by about 7 per cent from

this year's 33,000. The number mainland women giving birth in HK has steadily increased in recent years. In 2010, 40,000 of the 88,000 deliveries in maternity wards were to non-local mothers. Doctors and nurses have complained the influx has pushed the city's medical resources the limit.

Legal affairs and human rights

Highest court seeks ruling from Beijing: The Court of Final Appeal has asked Beijing - for the first time - to interpret HK's constitution in a landmark case on state immunity, raising concerns about the city's judicial independence 14 years after the handover. HK's highest judicial authority submitted four questions to the National People's Congress Standing Committee seeking an explanation of the city's state immunity policy. The questions are part of the judgment of the so-called Congo case handed down. Since the 1997 handover, the HK government has requested the NPC Standing Committee to interpret the Basic Law on three occasions. But this was the first time that the city's top court had asked for an interpretation. The court found in a 3-2 decision that, as on the mainland, parties of business deals of governments cannot be sued in HK, a point which has been unclear since the handover. The judgment means that more than US\$100 million in debts owed by the Democratic Republic of Congo won't need to be paid back - a precedent that could affect more companies doing business here. The judgment is provisional and depends on Beijing's response. But, as the mainland practises "absolute immunity" (all acts carried out by the state are free from prosecution), it is likely to bolster the existing decision. At the heart of the case is whether HK is bound to follow Beijing's position, or could follow the British position known as "restricted immunity" (where commercial deals are not immune from prosecution) which applied here before 1997.

Health

Cases exceed 600 in scarlet fever surge: The total number of scarlet fever cases reported in HK so far this year (until June 27) has risen to 617 – well above last year's total of 128. Dr Thomas Tsang said government departments were stepping up efforts to deal with the outbreak. They would now require hospitals to immediately report serious cases and deaths. HK has declared an outbreak as the number of scarlet fever cases has grown significantly in recent weeks. Health experts say the bacterium causing the disease has mutated into a form more resistant to antibiotics.

Secretary for Food and Health warns E. coli virus may affect HK: Secretary for Food and Health York Chow warned it might only be a matter of time before the E. coli outbreak in Europe spreads to HK. Chow said the threat of the killer bacteria coming was increasing. "If experts cannot identify the source, we cannot rule out the possibility that HK would report its first case," the health secretary said. Chow said health officials were now preparing contingency measures – including the possible quarantine of patients. He also said checks were being stepped-up on vegetables imported from Europe – particularly from Germany.

HK bans all food and beverages with excessive DEHP levels: HK has now banned all foods, drinks and medicines with excessive levels of the carcinogenic chemical compound DEHP, Secretary for Food and Health York Chow announced. This comes after a food scare in the region which led to a recall of drinks from Taiwan. Chow said foods, drinks or medicines with DEHP levels exceeding 1.5 parts per million (ppm) were now banned from sale. "Importation of any such products should now stop," said Chow. Health experts say excessive human consumption of DEHP can cause cancer and affect liver, kidney and reproductive systems.

Culture and education

Task force set up to figure out how to tackle problem of rising textbook prices: Education chiefs have set up a task force to examine how the government can help lower textbook prices. Secretary for Education Michael Suen warned school textbook publishers that the government might call for tenders from universities and academics to produce their own version of textbooks unless they got serious about selling the books and teaching materials separately. The task force will look into issues arising from the separation of pricing. It will also examine how best to establish the new tender process.

Macau

Macau gambling revenue surges 42pc: Gambling revenue in Macau, the world's largest gaming market, jumped 42.4 per cent in May to 24.3 billion patacas (US\$3 billion), the Macau government said, bolstered by unabating demand from mainland tourists eager to gamble in China's only legal casino destination. Macau dwarfs neon rival Las Vegas in gaming revenue. Despite record revenue gains, Macau still trails Las Vegas in the proportion of revenue spent on non-gaming activities such as dining and shopping – something operators and regulators are keen to change in coming years.

Press articles related to Switzerland and Swiss matters

Swiss say no to adding Confucius to Einstein (6th June, SCMP): The Shanghai authorities' insistence on merging an exhibition on Confucius with a Swiss exhibition on Albert Einstein has forced the organiser to look

for another mainland venue. "The Einstein exhibition will not go to Shanghai as planned," a person close to the situation said. The main reason, he said, was that the Shanghai Science and Technology Museum insisted that the exhibition from the Historical Museum of Bern, be mixed with one on Confucius, curated by the Shanghai museum - a move that baffled the Swiss. As no other suitable venue in Shanghai could be located, it is unclear where the exhibition will go after it finishes at the HK Science Museum at the end of August. It is understood that the Swiss museum is talking to other mainland cities so it can continue its tour, which is a celebration of 60 years of diplomatic relations between China and Switzerland, financed by the Swiss government.

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