

Economy + Finance

Chief Executive snubs city developers' plea for tax exemption: The government has rejected calls from developers to exempt city companies from its first property tax aimed at non-local and corporate buyers. Chief Executive Leung Chun-ying announced that the original plan to impose a special tax of 15 per cent of the transaction price - known as the buyer's stamp duty - on all company buyers would be upheld. The tax will now cover nonlocal buyers and all corporate buyers. Only permanent HK residents who buy a property under their own names will be exempt. Sales of new homes have slowed since it took effect.

Minimum wage increase proposal to be put to Legco: Chief Executive Leung Chun-ying and the Executive Council have agreed that the minimum wage should rise HK\$2 to HK\$30 per hour. The proposal is scheduled to be submitted to the Legislative Council, and the government expects the new level to come into force on May 1. Secretary for Labour and Welfare Matthew Cheung expected that more than 220,000 people, or 7.9 per cent of the working population, would benefit.

HK faces risk of abrupt decline in home prices, says IMF: HK is at risk of an abrupt decline in property prices after gains fuelled by low interest rates and a limited supply of new housing, the International Monetary Fund said. "The property sector is the main source of domestic economic risk," the IMF said. The odds of a slump that has major economic and financial consequences is "fairly low in the near term," the fund said. The city should maintain its currency peg, it said. The city's economic growth may rebound to about 3 per cent next year, up from an estimated 1.25 per cent this year, the IMF said. Inflation may average 3.75 per cent this year and 3.5 per cent next year.

Hot money inflow may rock markets, warns HKMA's Norman Chan: HK Monetary Authority chief executive Norman Chan has warned of volatile investment markets ahead, due to hot money flowing into the city. While worldwide monetary easing measures have sought to boost consumer and economic activities, they have also meant banks have more money to bet on stock and property markets in HK. Chan said this kind of hot money inflow would continue, but he believed the scale would be smaller than the last inflow from October 2008 to the end of 2009, when a total of HK\$640 billion poured in.

HK exports to double next year: The HK Trade Development Council says the city's export growth will double next year from this year. In terms of export value, growth is expected to be 4 per cent on the back of more vibrant economic growth in mainland China and a stable economy in the United States, up from a 2 per cent rise this year. Volume is expected to increase 1 per cent, after a 1 per cent decline this year. The growth in value would outpace volume as steeper production costs in mainland factories were being reflected in higher prices, Edward Leung, HKTDC's director of research, said on December 9.

HK banks may extend yuan loans to firms in Shenzhen's Qianhai zone: Firms in Shenzhen's Qianhai development zone will be allowed to borrow directly from HK banks in yuan, the People's Bank of China branch in the mainland city said. The HK Monetary Authority said the measure would promote the development of Qianhai as a test bed for yuan convertibility on the capital account and cross-border lending. It would also give HK banks more opportunities to expand yuan currency lending. HK would play a key role in the mainland's financial reforms and further integration with Shenzhen, the HKMA said.

Standard working hours could derail HK's economy, warns government adviser: A law to establish standard working hours could derail HK's economy, leaving it in the same mess as Greece and Spain, a government labour adviser warned. Standard working hours could increase business costs and that other alternatives should be explored before drafting a law. Stanley Lau, deputy chairman of the Federation of HK Industries as well as a Labour Advisory Board's employer representative, was responding to a government report released in last month.

International pilots back plan for third runway at HK Airport: A group representing pilots around the world is backing plans for a third runway at HK International Airport. The International Federation of Airline Pilots' Associations, which has 100,000 members, said the city would eventually need a third runway because of increasing air traffic. The Airport Authority estimates the two-runway system will reach its maximum capacity of 420,000 flight movements annually between 2019 and 2022.

Domestic politics

HK chief executive survives no-confidence challenge: Chief Executive Leung Chun-ying survived the first attempt in the legislature to get him out of the top job amid reluctant support from pro-establishment lawmakers on Dec. 12. A motion of no confidence - moved by Democratic Party's Wu Chi-wai - was voted down after being defeated 20-9 in the functional constituency, but passed 18-14 by directly elected lawmakers. In order to succeed the motion had to be passed by both constituencies. The non-binding motion was the first of some tough challenges facing Leung after controversies surrounding the illegal structures at his home on The Peak sparked criticisms of his integrity.

Legco turns down proposal for inquiry into CY illegal structures: Chief Executive Leung Chun-ying survived yet another challenge over his illegal structures after the legislature voted down a proposal to launch a special inquiry. A resolution to invoke the Legislative Council's Powers and Privileges Ordinance was defeated 9-23 in the functional constituencies and tied 15-15 among directly elected lawmakers. Passage required majority support in

both groups. It was the pan-democrats' second attempt to get Leung out of the top job. A vote of no confidence was vetoed in a similar fashion recently. Preparations for an impeachment are expected to conclude this month.

Pan-democrats will table motion to impeach CY Leung: A movement to impeach the chief executive will be launched in the legislature for the first time since the handover, with 27 pan-democratic lawmakers agreeing to make a symbolic but futile attempt to get Leung Chun-ying out of the job. The impeachment motion looks doomed from the start, with pro-establishment legislators clearly stating they would not support the motion to be tabled on January 9. The motion, to be tabled by League of Social Democrats lawmaker "Long Hair" Leung Kwok-hung, requires majority support from both functional constituencies and directly elected lawmakers to pass.

Division in Legco may hit universal suffrage, Chief Executive says: Chief Executive Leung Chun-ying said political divisions may undermine hopes of directly electing the chief executive by 2017 and choosing all lawmakers by universal suffrage in 2020. He said that with a divided legislature, it was difficult to win a two-thirds majority to push through major changes. The government has stated its goal is to elect the chief executive and the legislature by universal suffrage in 2017 and 2020 respectively. Civic Party leader Alan Leong said the chief executive's words on universal suffrage were "disheartening". Emily Lau, newly elected Democratic Party chairwoman, said Leung had a duty to communicate to Beijing the people's wish for universal suffrage.

Emily Lau becomes Democratic Party's first chairwoman: Veteran politician Emily Lau Wai-hing has become the Democratic Party's first chairwoman after defeating vice-chairman Sin Chung-kai by a narrow margin in an election. She said the new leadership would rejuvenate the party's image, garner more support and appeal to the young generation and women voters. Political analyst Ma Ngok, an associate professor in the department of government and administration of Chinese University, expressed disappointment at the result and doubted the new leader could rejuvenate the party.

Controversy as Lau Kong-wah makes C.Y.'s cabinet: Lau Kong-wah, a Beijing-friendly heavyweight and the most prominent loser in the Legislative Council election in September, was appointed as undersecretary for constitutional and mainland affairs to oversee the upcoming political reform. Lau's appointment drew polarised reactions, with the pan-democrats saying it ran counter to what voters wanted. A government source said Lau was an experienced politician who could contribute to the administration and the public should not judge a politician on the outcome of a single election.

Relations HK - Mainland China

Beijing confirms Zhang Xiaoming in top regional position: The new face of Beijing's leadership in the region came into focus as Zhang Xiaoming was appointed head of the central government's liaison office in HK. The State Council promoted Zhang, the deputy director of its HK and Macau Affairs Office, to lead its liaison office in HK. Just a few weeks ago, Zhang drew outrage with a newspaper commentary accusing external forces of interfering in HK's elections and calling on the city government to pass the controversial national security law required under Article 23 of the Basic Law "in due course".

NPC local deputies to push human rights in mainland China: Some newly elected local deputies to the National People's Congress vowed to push forward the mainland's development in human rights, rule of law, and overall social changes. Former secretary for security Ambrose Lee, who won with the second highest count of 1,387 votes, expressed hope that the nation would make improvements in human rights as its economy grows. New People's Party lawmaker Michael Tien, who was re-elected with 1,176 votes, said he would write to the NPC to ask why Liu Xia, whose husband is jailed dissident and Nobel Peace laureate Liu Xiaobo, had been put under house arrest. Commercial-sector lawmaker Martin Liao, a newcomer who won the highest 1,403 votes, said he planned to improve the nation's rule of law and judicial system. Rita Fan, who made veiled attacks both before and after Leung Chun-ying was elected in March as the city's chief executive, was returned with her share of votes down by nearly a fifth compared to the 2008 election, in which she was crowned "queen of ballots" with 1,118 votes. Fan said that during vote canvassing, some election council members had advised her to be "less outspoken".

Transborder Affairs

Plan to limit Shenzhen-HK border crossings: Mainland authorities may limit the number of times Shenzhen residents can cross the HK border in a day as part of efforts to clamp down on parallel trading. An anti-smuggling office of the Guangdong government has announced that several agencies are looking into the possibility of imposing restrictions on the multiple-trip permits given to Shenzhen permanent residents, which are now unlimited. This comes after official statistics showed traders buying goods in HK for resale in Shenzhen without paying import tax make up 95 per cent of those who cross the border with the permits, with just 5 per cent being genuine tourists. It also follows protests by residents of New Territories border towns about disruption and price increases caused by the traders that led to crackdowns by HK enforcers.

Legal affairs and human rights

Right of abode appeal to Beijing a 'bad precedent': Legal and political experts expressed their fears for judicial independence after the government suggested that the city's top court ask Beijing to clarify a previous interpretation of residency laws. The request was made in a bid to resolve right of abode cases involving foreign domestic helpers and children born to mainland parents in one go. But law professor Eric Cheung said the move created a "bad precedent". The government revealed that it had requested the Court of Final Appeal to ask the National People's Congress Standing Committee to clarify the meaning of its 1999 interpretation of Article 24 of the Basic Law, which deals with permanent residency. Secretary for Justice Rimsky Yuen said: "This measure [to ask for clarification] will properly assist to resolve the right of abode issues of different categories of persons

including the foreign domestic helpers and babies born to mainland pregnant women." Law professor Cheung said if Beijing ruled that the committee's opinions were binding, the court would be under pressure to overturn its 2001 decision that gave permanent residence to children born to mainland parents. Legal academic Benny Tai said it was "unnecessary and reckless" for the government to seek an interpretation on laws that did not relate to the relationship between the central government and HK. But Elsie Leung, vice-chairwoman of the Basic Law Committee, said: "I support whatever decisions the government made in accordance with legal procedures to resolve the right of abode issue."

Hague Conference office not a gift for HK from Beijing, says official: The world's leading organisation on private law, the Hague Conference, has dismissed a mainland official's claim that its opening of an Asia-Pacific office in HK was a "gift" from Beijing. Hans van Loon, secretary general of the Hague Conference on Private International Law, said the city was chosen purely for its judicial autonomy and separation of powers. Its HK office opened this month. He said HK was chosen because it had "such an excellent reputation for good administration of justice and the superb quality of its judiciary".

Health

Veterinary surgeon shortage 'poses threat to public health': A severe shortage of veterinary surgeons in HK is hitting farmers and posing a threat to public health. The crisis has been caused by a lack of veterinary training in the city and the fact that more than 90 per cent of the 400-plus vets practising in HK care for household pets. Veterinarian and infectious disease specialist Howard Wong said: "HK may be one of the few places in the world where we raise livestock and produce meat without [the supervision of] veterinarians." The WHO warned recently that 70 per cent of emerging diseases were animal-related.

Private hospitals not watched closely enough, minister says: Secretary for Food and Health Dr Ko Wing-man admitted that the Department of Health "has not fully exercised its power" in monitoring private hospitals. The minister also said the department, which regulates private hospitals, would take more steps to ensure private doctors suspected of misconduct face disciplinary hearings. The comments came as health chiefs respond to Audit Commission criticism that they have been lax in regulating the private sector.

Environment

HK's first zero-carbon building ready for viewing: The city's first zero-carbon building in Kowloon Bay is expected to produce an energy surplus equivalent to one year's electricity usage by 132 four-person families. The experimental building, steered by the Construction Industry Council, relies on solar panels for about 70 per cent of its energy. The rest comes from biodiesel, a fuel recycled from cooking oil. Free tours are on offer over the Christmas holidays.

Government vows to cut HK's food waste by 10 per cent: The government hopes to cut HK's food waste by 10 per cent in three years. Environment Secretary Wong Kam-sing announced on 3 December that a Food Wise Hong Kong Steering Committee had been formed to work out the strategies and measures needed to hit the 10 per cent target. Wong also vowed to introduce municipal solid waste charges by 2016, and to consult the public next year on how to collect the fees. Wong said that the committee would work on changing household habits, establishing a code of practice for trades, and facilitating food donations to charity. It would also co-ordinate efforts by government and public bodies to set a good example.

HK's waste-charges plan get broad support, government poll shows: People will have to pay to have their rubbish dumped after the HK government finally took the next step in dealing with its mounting waste problem after years of delays. The Environmental Protection Department said that a public consultation exercise held between January and April showed that about 60 per cent of respondents supported waste charges and believed that the quantity approach was the way forward. While the EPD neither specified its preferred model of charging for waste nor spelled out details of the plan, in a paper submitted to the legislature on 6 December it made extensive reference to Taipei's experience in implementing the measure, in which households buy designated rubbish bags of varying sizes.

Culture and education

Bidding battle for four school campuses in HK: The latest tender exercise for four international school sites has attracted interest from across the globe, with one site in Stanley appealing to dozens of operators from the city and overseas. Critics have warned that a failure to meet the growing demand for places at international schools could deter highly skilled workers from coming to the city. Secretary for Education Eddie Ng said recently that the shortage of international primary school places could reach 4,200 in the next few years.

Editor of 'academically questionable' Blue Book sacked by Baptist University: Baptist University sacked Professor Victor Sit from presiding over a China studies centre after it found he had covered up his authoring of an "academically questionable" research book. It is understood that Sit's professorship will not be extended upon expiry in August. The don put down colleagues' names as the writers of the *Blue Book of HK* without their permission and refused to acknowledge authorship of a statement attacking another university, an investigative panel set up by the university found. The decision to fire Sit is one of the most high-profile punishments for a local academic. The book alleges that Chinese University's general education programme is "influenced by a US foundation".

Varia

Welfare minister broke deadlock over funding for new old age allowance: The man 300,000 needy old people have to thank for overcoming a block by lawmakers on a new HK\$2,200-a-month allowance is Secretary

for Labour and Welfare Matthew Cheung. It was Cheung who came up with the idea of withdrawing a request to the Legislative Council's finance committee for funding for the allowance, and to include the funds in next year's budget. Opposition legislators have accused the government of trying to create confusion by mixing up its funding requests for the allowance and the jobs. Cheung said there was no question of a conspiracy. "The administration continues to attach great importance to fostering relations between the executive authorities and the legislature," he said.

Number of quality migrant applicants rises 10pc in HK: HK has seen an increase of nearly 10 per cent in the number of well-qualified people who want to live here, says the Immigration Department. Most of those approved were from the mainland. In the first 11 months of the year, 1,834 people applied for admission under the Quality Migrant Admission Scheme - 9.5 per cent more than in the whole of last year - the department said. The quality migrant scheme worries some commentators because of the large proportion of mainlanders. The next top sources of migrants are the United States, Australia and Canada - each accounting for 2.9 to 3.7 per cent.

Bangladesh consulate 'close to a deal' on domestic helpers: Bangladesh's diplomatic representative in HK says his consulate is close to reaching an agreement with local employment agencies on recruiting domestic workers in the South Asian country to work in the city. The proposed agreement anticipates plans by both Philippine and Indonesian authorities to discourage their citizens from working as domestic helpers abroad, including HK, which employs more than 300,000 helpers from the two Southeast Asian countries.

Press articles related to Switzerland and Swiss matters

HKMA probes UBS over rate rigging claims: HK's de facto central bank said on Dec. 20 that it would probe Swiss banking giant UBS over claims of possible rigging of HK's interbank offered rate (Hibor). "The HKMA has commenced an investigation with a view to ascertaining any misconduct committed by the bank in relation to HIBOR submissions," the HK Monetary Authority said in a statement, adding it had received information of possible misconduct. The HKMA said it will work with overseas regulatory authorities to gather information and "consider further actions that need to be taken" pending the findings of the investigation.

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