

Economy + Finance

HK rates could be raised before US Fed move, says finance chief Tsang: Interest rates in the city may rise before the Fed increases US rates but it is too early to decide if the property curbs need to be rolled back, Financial Secretary John Tsang said. HK and the rest of Asia could see an exodus of hot money after the US Federal Reserve's hint that its quantitative easing programme might be tapered later this year, Tsang said. Asked if property prices in the city would take a hit as interest rates went up, Tsang said it was difficult to predict the impact as HK still had adequate liquidity and the cost of holding property - the mortgage lending rate - was quite low. But he added that the risk of an asset bubble still loomed and that the government would monitor the situation closely and respond when required.

Experts at odds over ways to bring down flat prices: The government should impose more property-cooling measures unless flat prices drop at least 20 per cent, a leading government housing adviser says. But a property analyst has challenged the remarks of Long Term Housing Strategy Steering Committee non-official member Stanley Wong, saying that further government intervention would hamper the free market and risk turning HK into a socialist system. Wong, who is also chairman of the Housing Authority's subsidised housing committee, said there was a serious imbalance between supply and demand in the property market.

Overseas passengers return to Kai Tak with official opening of HK\$8.2b cruise terminal: Built at a cost of HK\$8.2 billion, the Kai Tak Cruise Terminal finally welcomed its first visitors after years of planning and construction. The government is pinning its hopes on the cruise terminal to boost tourism and help revitalise the eastern end of Kowloon, for which it has ambitious plans. The cruise terminal can accommodate the largest cruise ships in the world. But for the first 10 months of operations, until next April, the terminal has just 20 bookings for a total of 30 days of berth occupancy. The government and the terminal's operator say that is no reason to worry. They say it takes international cruise lines about 18 months to make adjustments to the deployment of vessels around the globe, meaning the bookings will rise only gradually.

Moody's downgrades HK banking system to 'negative': Moody's Investors Service downgraded the outlook for HK's banking system to negative from stable, citing concerns over persistent negative real interest rates and banks' growing exposure to the mainland. But analysts said such worries were unfounded and that a loan exposure of 16.5 per cent to mainland enterprises could hardly be considered excessive. The negative outlook on banking contrasts with Moody's stable view on the HK government's Aa1 rating, which emphasises the government's strong fiscal position.

Domestic politics

'Thorny' cross-border issues resolved, says CY Leung in one-year report card: Chief Executive Leung Chun-ying listed his achievements over the past year in a 29-page report card - an unprecedented move that one observer said was aimed at dampening turnout for the July 1 rally. The report stressed that "several thorny issues" were addressed by the administration in a short period of time, including four involving mainland visitors. Leung was adamant that he would finish his five-year term and accomplish his policy objectives. Civil Party lawmaker Ronny Tong said Leung was taking "undeserving credit", while the Democratic Party's Sin Chung-kai said Leung had blamed the previous administration for all bad deeds and exaggerated the achievements of the current term. Unionist lawmaker Wong Kwok-hing praised the Leung administration for working hard in adverse circumstances.

Leung in strongest warning to Occupy Central group: Chief Executive Leung Chun-ying sent his strongest warning yet to Occupy Central organisers planning a civil disobedience campaign, saying there was "no possibility" it could be lawful or peaceful, and that it would be tolerated by neither the government nor courts. Leung's warning drew an angry response from the organisers, who accused him of smearing their campaign. But veteran China-watcher Ching Cheong feared that the action planned for next year could result in bloodshed similar to that of Tiananmen Square in 1989. Leung's remark came on the same day (June 9) that almost 700 supporters of the plan attended its first "deliberation day", on the University of HK's campus. They have agreed on seven priorities for the campaign, including elevating it to "a movement of all classes". The plan, coined "Occupy Central with Love and Peace", was first proposed by HKU law professor Benny Tai in the wake of the city's upcoming political reform, which is expected to set out the rules for the election of the chief executive by universal suffrage in 2017. It has threatened a road blockade of 10,000 protesters in the heart of the city by July next year to fight for democracy.

Keeping mass rally peaceful is 'priority', Occupy Central organisers stress: Supporters of the Occupy Central movement hope to establish a "transparent and credible" mechanism to decide how and when the occupation should be called to an end, amid worries the civil disobedience protest could turn violent. "If there's a real occupation, we will issue very good guidelines to our participants on how to ensure the action will be non-violent - that [each individual] must not only make sure [he or she] remained non-violent, but that they are also responsible for making sure other participants [don't get too agitated]," said Benny Tai, Associate law professor, a proponent of Occupy Central.

Beijing may snub HK choice for chief, says Leung: Beijing reserves the right not to accept the person chosen by universal suffrage to govern HK, Chief Executive Leung Chun-ying has warned. He also said the government had yet to decide on a timetable for political reform. Leung said a core issue his government would face when

tackling electoral reform was the difference between Hongkongers and Beijing on who should hold the city's top job. He noted that Beijing had occasionally declined to accept officials nominated by the city's leader, indicating that "it reserves the same right over the chief executive position".

Disapproval of Leung Chun-ying grows amid Edward Snowden's stay: Chief Executive Leung Chun-ying's net approval rating with Hongkongers has hit a record low, a survey shows. It also found that satisfaction with the government was at a 12-month low. The poll was conducted in the middle of the month, during which two "significant events" played out - the Edward Snowden saga and Leung's criticism of the pro-democracy Occupy Central movement. In the June 13-19 poll, only 27 per cent of the 1,040 interviewees backed Leung as chief executive, versus 55 per cent who cast a vote of no confidence, the University of HK's public opinion programme found. Only a fifth of the respondents were satisfied with the government, while 51 per cent were not.

Relations HK - Mainland China

Plan to engage more activists in next June 4 vigil to 'send message' to Beijing: Organisers of the annual June 4 candlelight vigil have pledged to team up with local and mainland activists to send "an even stronger" message to Beijing next year, to mark the 25th year of their pursuit of justice over the 1989 Tiananmen crackdown. This year, HK saw a split in its commemoration of the crackdown, with young people holding smaller vigils away from the main venue at Victoria Park. Nevertheless, tens of thousands of people braved a downpour and gathered to demand that the authorities right the wrong. The organisers said 150,000 people took part, lower than their target of 180,000. Police reported 54,000 attendees, down from 85,000 last year. The vigil came to an abrupt end as the heavy rain caused flooding and made electrical cables hazardous.

Trust in HK and central government falls to 2003 levels: All indicators of public trust and confidence in the HK and central governments have plunged to the level of 2003 - when more than 500,000 HK people took to the streets - or below, according to a poll by the University of HK's Public Opinion Programme. The survey found the proportion of HK people who distrust the central government has reached a record high of 45 per cent, while 37 per cent said they distrusted the HK government - a figure comparable to that of December 2003. Academics say restoring mutual trust between the government and its people should now be at the top of the official agenda to defuse a "worrying" situation and avoid a deepening crisis.

Legal affairs and human rights

Mak Chai-kwong and Tsang King-man guilty of housing fraud: Former development minister Mak Chai-kwong and assistant highways director Tsang King-man were convicted of defrauding the government out of HK\$700,000 in housing allowances. In a convoluted arrangement, the men entered into a "bogus" cross-leasing deal whereby they actually owned - or had a financial interest in - the flats they said they were renting. Mak is the highest ranking government official to be found guilty of a criminal offence since the handover. He stepped down just 12 days after being appointed development secretary last July after the media exposed the scam.

Snowden case

Background: 30-year-old American Edward Snowden, a contract employee at the National Security Agency, is the whistleblower behind significant revelations that surfaced in June 2013 about the US government's top secret, extensive domestic surveillance programmes. Snowden flew to HK from Hawaii in May 2013, and supplied confidential US government documents to media outlets.

HK chief hits back in war of words on Snowden cyberspying claims: The war of words over Edward Snowden escalated on June 25, with Chief Executive Leung Chun-ying renewing a call for Washington to address the whistle-blower's claims that HK was a target for US cybersnooping. Leung's call came after the White House described HK's decision to let Snowden leave for Russia on June 23 as "a deliberate choice to release a fugitive ... which unquestionably has a negative impact on the US-China relationship". It also came as US lawmakers prepared to debate President Barack Obama's immigration bill, a component of which is the issue of granting visa-free access to the US for HKSAR passport holders. Leung said the government valued the US-HK relationship and saw the visa-free issue as important. But he said he "could not ignore the alleged network invasion and unfair comments" by the US. Meanwhile, Secretary for Justice Rimsky Yuen issued a rebuttal of US claims that HK deliberately stalled over Washington's request for Snowden to be detained under a provisional arrest warrant. In a detailed response, Yuen outlined a series of "substantive" shortcomings in the information provided by Washington to support its request that Snowden be detained. Experts said it was unlikely that Washington would retaliate in tangible terms and the dispute would remain a war of words. China refuted a US accusation that it had facilitated Snowden's departure from HK, after Washington said Beijing had chosen to release him.

Snowden leaves HK 'on his own accord', arrives in Moscow with WikiLeaks help: Whistle-blower Edward Snowden arrived in Moscow on June 23, to seek asylum in Ecuador, after abruptly leaving HK in a dramatic blow to US efforts to put him on trial for espionage. WikiLeaks, the anti-secrecy group, said on its website: "He is bound for the Republic of Ecuador via a safe route for the purposes of asylum, and is being escorted by diplomats and legal advisers from WikiLeaks." Ecuador's foreign minister, Ricardo Patino, said from Vietnam on Twitter that his government had received a request from Snowden for asylum. It is understood that Snowden's departure has come as a relief to the HK government, which would have faced lengthy court proceedings if Snowden had contested any extradition attempt. The HK government's announcement that Snowden left the city "for a third country" and "through a lawful and normal channel" was its first official announcement on the case. It rejected a request from the US to issue a warrant for Snowden's arrest, because its evidence had failed to "fully comply with the legal requirements under HK law".

HK lawyer Albert Ho says 'middleman' urged Snowden to leave: Democratic Party lawmaker and lawyer Albert Ho revealed he was part of last-minute top-level discussions with the government on the fate of Edward Snowden. Acting on Snowden's instructions he met a top government official on June 21 to discuss the American's situation and clarify some legal issues, but received an unsatisfactory response. Ho told reporters on June 24 that an individual claiming to represent the HK government had indicated to Snowden that he was free to leave the city and should do so. "I have reasons to believe that... those who wanted him to leave represented Beijing authorities. Beijing would not step forward to the front stage because it will affect Sino-US relations. So, it would operate behind the scenes to make Snowden go. The HK government may not have had any role other than not stopping him at the airport," Ho said.

China denies allegation of Edward Snowden spying for Beijing: China responded for the first time on June 17 to the US cybersnooping programme exposed by whistle-blower Edward Snowden, denying an allegation he was spying for Beijing and demanding that Washington explain the operation to the international community. "It is sheer nonsense," said Foreign Ministry spokeswoman Hua Chunying when asked to comment on the allegation put forward by former US vice-president Dick Cheney and other US politicians. Observers said Beijing had tread carefully because it did not want to be seen as meddling in HK affairs or adversely affect Sino-US ties, especially after this month's summit between President Xi Jinping and US President Barack Obama. But Beijing was forced to respond because allegations had been made against China.

Health

Lawmakers attack government's retreat on standardising private hospital charges: Lawmakers and the insurance industry have lashed out at the government's proposed standardised medical insurance plan, saying it has backed down from regulating private hospital prices. Under the new Health Protection Scheme (HPS), insurers would offer clients the choice of not paying, or paying a known extra amount, for certain procedures. But pressure on private hospitals to provide fixed-price packages for their services - suggested by the previous administration - would be dropped. Civic Party lawmaker Dr Kwok Ka-ki said private hospitals might emerge as the ultimate winners under the scheme, as there would be no supervision of their charges.

Environment

Tseung Kwan O landfill plan withdrawn amid opposition: HK is on the verge of a deeper waste crisis after the environment minister bowed to political pressure and temporarily withdrew a plan to expand the Tseung Kwan O landfill, which the government had previously described as essential. The government has been working for 10 years on a proposal to expand the city's three landfills - the others are in Tuen Mun and at Ta Kwu Ling. The government has said the extensions are needed to avoid a waste crisis before a planned incinerator - also mired in controversy - is completed in 2023.

New Kowloon East projects must be green friendly: New commercial developments in at least seven areas in Kowloon East might have to get green building certification and provide space for artists. The requirement - likely to be in the form of land lease conditions - would be the first of its kind in the city and a step closer to the government's plan to turn the district covering Kowloon Bay and Kwun Tong into a low-carbon emission community. Reserving space for artists is aimed at addressing concern that redevelopment of run-down former industrial estates in the area will drive out artists who have been using the buildings as cheap creative space.

Culture and education

ESF considers corporate scheme for school places: The English Schools Foundation (ESF) may launch a corporate nomination rights scheme to make up for its financial losses as the government gradually cuts its subsidy. Companies would be able to pay to reserve school places for the children of employees. From 2016, the foundation's long-frozen HK\$283 million annual subsidy, or subvention, will be phased out year by year, over 13 years, until 2028-29. Reduced government support means fees at the ESF's 20 schools and kindergartens will rise by 23 per cent for new students from 2016. Current pupils and those about to enter its kindergartens will not be affected.

Macau

Former Macau minister refuses to testify in HK tycoons' corruption trial: Jailed former public works chief Ao Man-long refused to appear as a witness at the graft trial of HK tycoons Joseph Lau and Steven Lo in Macau. The law grants a person who is a suspect in the same crime or a connected crime the right to refuse to testify. Lau and Lo are accused of offering a HK\$20 million bribe to Ao in 2005. The bribe was allegedly to help them secure land near the airport for a luxury residential project. Both Lau and Lo face a charge of bribery and a charge of money laundering. Ao was jailed for 29 years in May last year.

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