

Economy + Finance

Beijing reassures HK on Shanghai free-trade zone: Beijing was quick to soothe concerns in HK about its rivalry with Shanghai after the mainland's commercial capital officially launched its free-trade zone on Sept. 29. Yin Zonghua, director of the international trade department of the Ministry of Commerce, told reporters the pilot run of the zone would have no negative impact on HK's future. He said the leadership would make further arrangements to deepen the economic relationship between the mainland and HK. The free-trade zone, modelled on HK, is a test bed for regulatory and financial liberalisation on the mainland.

HK urged to boost competitiveness as Shanghai Free-trade Zone looms: The head of the nation's top consultative body has advised HK people to stay united and work harder to prepare for challenges from the free-trade zone in Shanghai. Yu Zhengsheng, the chairman of the Chinese People's Political Consultative Committee, told a delegation from the Friends of HK Association in Beijing that the city must enhance its competitiveness in light of China's continual opening-up. Yu's remarks echoed those made by Wang Guangya, director of the HK and Macau Affairs Office, who told the same delegates that HK should think about whether it wanted to focus on political struggle or on economic development.

Shanghai free-trade zone will hit HK quicker than expected, says Li Ka-shing: Shanghai's new free-trade zone will have a bigger and quicker impact on HK than most people imagine, Asia's richest man, Li Ka-shing, said. HK would lag behind if it did not accelerate the pace of its development, he said. Li urged Hongkongers to unite to improve the city, and said his flagship companies would not pull their assets out of HK.

Success of flats strategy hinges on finding enough suitable sites in HK: A cloud was cast over the government's new long-term housing strategy even as it was unveiled on Sept. 3, with warnings that meeting the targets depended on finding suitable land and resolving community conflicts. The plan, unveiled against a background of fierce opposition to new town projects in the northeast New Territories, includes the previously signalled target of building 470,000 flats in the next 10 years. The support of the community and the determination of the government would be crucial, an administration source said. Success also hinges on the supply of construction workers and the participation of developers, who will be invited to build some of the subsidised homes.

HK should capitalise on mainland tourism growth, says Leung Chun-ying: Chief Executive Leung Chun-ying said HK should think of ways to expand its tourism facilities to capitalise on the growth of mainland tourists. Leung said his administration and its counterpart in the mainland had noticed that the increase of tourists in recent years might have negatively affected life in certain HK districts, despite tourism's boost to the city's economy. He said that, for this reason, the central government had not expanded the Individual Visit Scheme (IVS) that has for years allowed residents of 49 mainland cities to visit HK on their own. Leung said HK should take a "proactive" view on the issue of mainland tourism, and think about ways to increase the city's capacity to receive tourists.

Authorities may scrap limit on milk powder: The government may abandon the two-tin limit on infant formula for outbound travellers, Secretary for Food and Health Dr Ko Wing-man said. Ko said in a radio interview authorities would assess whether an adequate supply of the milk powder could be guaranteed for locals before and after the upcoming "golden week" holiday for National Day on October 1. He said the two-can limit would be abolished if there was enough. But he said the government was still concerned about whether there would be a re-emergence of hoarding and parallel-goods trading. "The precondition is to satisfy local mothers' demand for infant formula," Ko said, adding that the government would not make a decision until it had finished reviewing an upcoming report by a consultancy firm on the limit.

Domestic politics

Let public have say on political reform, urges Occupy Central organiser: Dr Chan Kin-man, a core organiser of the Occupy Central democracy movement, has urged the government to conduct a non-binding referendum to forge consensus on Hongkongers' ideal electoral reform proposal for 2017. "Although it would be a non-binding referendum, the exercise would serve as an important reference of public opinion," Chan said on an RTHK radio programme. "Even in states like Switzerland where referendums are frequently held, the government organises non-binding plebiscites to learn the public's views," said Chan, a sociologist at Chinese University. "It shows respect for procedural justice."

Occupy Central has high hopes for second consultation: Up to 3,000 people are expected to be involved in a series of meetings over the next two months to come up with "democratic principles" for the next chief executive election. The second "deliberation day" will be another attempt by the Occupy Central campaign to forge a consensus on political reform. But unlike the first event, which was just one meeting, it will involve about 24 groups and more than 30 meetings throughout the city. "We want our message [about striving for genuine democracy] to blossom everywhere in the city," said campaign organiser Benny Tai, an associate law professor at the University of HK. Tai expects the meetings will build consensus on some democratic principles covering areas such as whether to abide by the Basic Law or the international democratic standard, the composition of the nomination committee and the central government's power to appoint the chief executive.

Civic Party leader backs open nomination process for HK's 2017 election: Allowing all registered voters to nominate candidates for the 2017 chief executive election does not breach the Basic Law, the Civic Party chairwoman said as she hit back at claims by a leading pro-Beijing figure. Audrey Eu, a barrister and former chairwoman of the Bar Association, insisted that proposals by pan-democrats for the people to nominate their candidates for leader were "rational, legal and reasonable". Her remarks came after Elsie Leung, vice-chairwoman of the central government's Basic Law Committee, said this kind of civil nomination - as it has been termed - could usurp the power of the nominating committee required under the Basic Law. Eu said that there could be a dual system - the nominating committee would nominate its own candidates and "endorse" any candidate with the required number of civil nominations. The former legislator believed that civil nomination was the most direct way to counter candidates being screened out by a nominating committee due to their political aspirations.

Former ICAC chief Timothy Tong criticised for breaching spending rules: A probe into overspending by ex-ICAC chief Timothy Tong found rule breaches on 42 occasions in his five-year reign. The findings were revealed by an independent review committee set up to investigate Tong's use of public money while head of the graft-busting agency. Two of the breaches are the subject of a criminal inquiry. The report brought a call from Chief Executive Leung Chun-ying for the Independent Commission Against Corruption to seriously follow up on the report's recommendations. Both Leung and the current commissioner, Simon Peh, distanced the ICAC from Tong, saying most officers "conducted themselves with discipline".

Relations HK - Mainland China

NPC head full of praise for HK's chief executive and police: The highest-ranking mainland official in charge of HK affairs has made a rare rallying call to the city's disciplined services and issued the central government's first words of acknowledgement of the city's leader in three months. At a meeting in Beijing with security chief Lai Tung-kuok, National People's Congress chairman Zhang Dejiang said the city's "highly professional" men and women in uniform played an important role in safeguarding national security and social order. A number of recent incidents have sparked debate in HK about the role and conduct of the police at public protests. Zhang, No 3 on the seven-man Politburo Standing Committee, went on to give his backing to Leung, whose popularity has hit new lows in recent polls. Xinhua reported Zhang as reiterating that on constitutional reform, Beijing's stance was to do it according to the Basic Law. Some observers said the remarks were intended to boost police morale. But, they said, the comments by Zhang also revealed Beijing's fears about escalating conflicts in HK, including the looming threat of the pro-democracy Occupy Central movement.

Civil nomination proposal violates Basic Law, says Zhang Xiaoming: The head of the central government's liaison office shot down a proposal to let all voters nominate chief executive candidates, saying it's against the Basic Law. In a rare and high-profile gesture, the liaison office published a letter written by its director, Zhang Xiaoming, to the Civic Party, ruling out the idea of "civil nomination" - allowing contenders to run for the top post in HK if they obtain a certain proportion of voters' nominations. In Beijing, Vice-President Li Yuanchao urged senior civil service delegates to give their "steadfast support" to Chief Executive Leung Chun-ying. "The civil service is a crucial force in implementing the 'one country, two systems' and ... the Basic Law," Li told Secretary for Civil Service Paul Tang, who led 11 permanent secretaries and bureau directors.

Beijing's veto will loom over HK voters: Beijing need only remind voters of its power to reject a popularly elected chief executive in 2017 if it wants to make them think twice about backing "confrontational" candidates. So says Basic Law Committee member Albert Chen. Chen is also a law professor at the University of HK. Chen wrote that affirmation of Beijing's power to veto an appointment would be enough to encourage Hongkongers to steer clear of candidates deemed unacceptable to Beijing as they would want to spare the city from a political crisis. In March, chairman of the National People's Congress Law Committee Qiao Xiaoyang caused uproar when he said the central government would not accept any chief executive candidate it considered to be confrontational towards Beijing. Qiao also said that the nominating committee should choose candidates for the top job "as a whole", hinting that the nomination process could serve as a screening system. Chinese University political analyst Ma Ngok said that if Beijing used its veto power arbitrarily or based on political criteria it could worsen friction between HK and the mainland.

International relations

HK does not need British support on reform: Chief Executive Leung Chun-ying said HK does not need British support on political reform and warned that foreign intervention could backfire in the process of overhauling the electoral system. The strong statement came a day after Chief Secretary Carrie Lam rebuffed British Foreign Office minister Hugo Swire, who wrote in the South China Morning Post on Sept. 13 that on electoral reform, it was important for Hongkongers to be given a "genuine choice". Swire offered support for a "smooth resolution" to the question of universal suffrage.

US consul Clifford Hart gets another blast from Beijing over democracy: Washington's top envoy in HK might have thought he was being careful when he said on Sept. 24 that the US would not take sides when it came to the city's democratic development. But Clifford Hart's comments in his first public speech in his new role managed to reignite Beijing's anger. The Ministry of Foreign Affairs again told the US to stay out of HK affairs. While Hart said Washington supported "genuine universal suffrage" but had "no prescription" when it came to democratic development, the Ministry of Foreign Affairs said no other country should have any say in the city's constitutional development.

Transborder Affairs

HK free-trade zone will attract high-end industries, says Guangdong governor: A proposed free-trade zone covering HK, Macau, and parts of Guangdong may focus on services, finance and commerce, the visiting provincial governor Zhu Xiaodan said. "The proposed zone will build on HK's prominent role and advantages in the global economy ... and attract more high-end service industries to the region," he said. He confirmed that the plan was to bundle HK and Macau with three special development zones in Guangdong - Qianhai in Shenzhen, Hengqin in Zhuhai and Nansha in Guangzhou - pending approval from Beijing. Unlike the Shanghai zone, which was international in nature, Guangdong's proposal would have a regional setting. Chief Executive Leung Chun-ying said his government would help in the planning process so the free-trade zone would benefit both sides. Both sides signed eight cross-border agreements during Zhu's visit, including pacts on services liberalisation, tourism co-operation and movie-making.

Legal affairs and human rights

HK's new asylum system 'harder to exploit': The Immigration Department claims a new screening system for asylum seekers due to take effect by the end of the year will plug loopholes in the process. But a contentious 28-day deadline for submitting supporting documents - which one academic described as "not appropriate" under a brand-new system - would not be extended. Details of the unified approach to assessing asylum claims have yet to be revealed but the department said it would be based on the existing torture claim framework. Under the new system, in addition to assessing torture claims, the government would also be legally obliged to consider whether claimants faced persecution, and whether they may be subjected to cruel, inhumane or degrading treatment or punishment (CIDTP) when assessing applications for asylum status. Assistant director of the department William Fung, who is in charge of torture claims, said combining the three types of asylum claims would make it harder to exploit the system.

Proposed drug test 'unlikely to pass legal muster': The legality of a proposal to widen police power in conducting drug tests on suspects has been called into question, with a human rights lawyer describing it as potentially unconstitutional. Michael Vidler said the proposal, put forward on Sept. 25 by the Action Committee Against Narcotics, constituted a "gross infringement of the protection of privacy", leaving open "a huge potential for abuse". The committee suggested that the police be given the power to conduct compulsory drug tests on the spot if they find drugs at a scene and the suspect shows signs of intoxication, an extension from the current practice where officers can only test if drugs are found on the person. Responding to Vidler's criticism, a Security Bureau spokesman stressed that the proposals would be in line with the court's jurisprudence on human rights. The drug-testing proposal is undergoing a four-month public consultation.

Environment

HK\$3b extra spent to force 85,000 polluting diesel vehicles off the road: Greater incentives are now being offered by the government as part of a revised HK\$11.7 billion package designed to force 85,000 polluting diesel commercial vehicles off the road by 2020. The new package will cost HK\$3 billion more than the original estimate of HK\$8.7 billion. The compensation will be boosted from 10-33 per cent of new vehicle replacement costs to 27-33 per cent. The government estimates that removing dirty diesel vehicles could reduce roadside particles by 80 per cent, and cut cancer risks by 50 per cent.

Damaged liner caused Ta Kwu Ling landfill leak, but no pollution: Heavy rain loosened the foundation of a temporary leachate pool and its waterproof liner gave way, causing an unprecedented leak in the Ta Kwu Ling landfill in late July, according to an Environmental Protection Department probe. Department deputy director Tse Chin-wan maintained the leak was an isolated case and leachate lagoons in the other two landfills in Tuen Mun and Tseung Kwan O were in good condition. Most legislators said the incident had shaken public confidence in the department's landfill management and it would now be more difficult for the legislature to endorse the government's landfill expansion plans.

Families could pay HK\$74 a month to dump waste, says consultation paper: A family of three could face a waste-disposal charge of HK\$30 to HK\$74 a month under proposals put forward for public consultation. The Council for Sustainable Development launched the four-month exercise to tackle a mounting rubbish crisis and shrinking landfills. The consultation asks the public at what level charges should be set to encourage people to cut waste and recycle. It comes after lawmakers blocked a plan to extend three landfills and the government faces challenges building a HK\$15 billion incinerator. A consultation has found most people support a charge.

Country parks not currently needed for flats: There is no immediate need to use country park land for residential flats, the planning chief said in a statement that was a departure from the development minister's call for wider discussion of the contentious issue. Planning Director Ling Kar-kan stressed in a forum on Sept. 15 that country parks were important to the city. "At this stage, there is no need to bring development into country parks," he said. "They are an important part of HK's ecosystem." Ling's remarks came a week after Development Secretary Paul Chan - who oversees the planning department - blogged that Hongkongers should discuss if country parks should be used to build flats.

Culture and education

New HK branch of top US school 'not for elites', says dean: The dean of a top US business school, which has relocated one of its two overseas campuses from Singapore to HK, said its programme would not become a certificate-printing machine for the children of China's rich and powerful. "Our programme is not intended for elites," said Sunil Kumar, dean of the University of Chicago Booth School of Business. The school's executive MBA programme, which charges each student HK\$1.2 million, will start at a 35,000 sq ft interim campus in Pok

Fu Lam's Cyberport next June. Kumar said the two-year programme, which includes 14 courses, was hard and demanding, and he expected a maximum of 100 of the "right students" to take it.

HK schools woo cross-border pupils in battle to survive: HK schools worried that falling pupil numbers will force them to close are courting children across the border in a bid to avoid the axe. Schools in North district, where commuting is easier, have little trouble filling their classrooms and even struggle to accommodate pupils from nearby Shenzhen. But with HK's low birth rate leading to falling enrolments, those elsewhere without enough pupils face closure. About 20,000 cross-border pupils - children born in HK to mainland parents or from local families currently living on the mainland - currently cross the border every day to attend the city's public schools.

Equal Opportunities Commission may probe schooling for ethnic minorities: The Equal Opportunities Commission accused the government of fostering segregation through its education policy for ethnic minorities and is considering a formal investigation. York Chow, chairperson of the discrimination watchdog, said: "Although there is a denial of the so-called designated school policy [from the government], there is de facto segregation of ethnic minorities in schools. Some schools are made up of 80 to 90 per cent ethnic minorities. ...We [the EOC] do not exclude the possibility of launching a formal investigation into whether the education policies pose any impact, positive and negative, on HK's children." He said an internal study would be conducted in the coming quarter, possibly followed by an investigation next year. His comments come amid growing concern among rights advocates that the education policy for ethnic minorities may breach anti-discrimination laws.

Macau

Macau democrats blame voters for losing one seat: Macau's democrats suffered a setback in the legislature election, losing one of their three seats. The disappointed candidates blamed voters for their "pragmatic and lukewarm" attitudes towards democracy because of government cash handouts and the casino-led economic boom, but said they would reflect on which areas they could improve to win back voters. University of Macau political scientist Bill Chou said the democrats' drop in votes was probably a result of the lower voter turnout. "The pro-establishment camp has its core voter base, but the democrats don't," he said, adding that the economic boom had improved social sentiment.

Varia

1.3 million Hongkongers live in poverty, government says, but offers no solution: HK - one of the wealthiest places in the world - has acknowledged for the first time that it has a sizeable poverty problem by declaring that 1.31 million of its citizens are officially poor. The number of people who fall below the new government-set poverty line falls to 1.01 million after welfare payments such as Comprehensive Social Security Assistance are factored in. Despite mapping out the extent of the problem, no new initiatives or policies to tackle it were announced on Sept. 28, sparking criticism. Chief Secretary Carrie Lam, who chairs the reinstated Commission on Poverty, said future efforts will target the most needy groups - the working poor and families with children, for whom a low income supplement will be considered.

HK's Quality of Life Index dips as home prices soar: HK homes are the least affordable they have been in the past 10 years, according to the latest figures showing that private household income failed to catch up with soaring home price growth - and the trend is set to continue. Chinese University's annual HK Quality of Life Index puts last year's housing affordability index at 12.76 - the highest since the first study in 2002, when it stood at 4.7. That means a four-member family now has to spend nearly 13 times their annual income to buy a 400 square foot flat in an urban area. Chinese University's report also shows that people believe freedom of the press is diminishing, which helped drag the general quality of life score down to 102.97 - its third-worst reading behind 2009 and 2011. The Quality of Life Index consists of 21 indicators, with social factors weighted heaviest as there are 10, seven economic indicators and four environmental factors.

351.0 - HWR/LEE/CSD/CHW/KSW/NHA

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