

Economy + Finance

'Through train' direct share-trading between HK and Shanghai ready within six months: New rules to allow direct share trading between HK and Shanghai could be in place within six months, market regulators said on April 10, in a move that sweeps aside capital controls on up to 550 billion yuan (HK\$692 billion) of stock transactions. The so-called "through train" scheme, first floated in 2007 and which directly links the two stock exchanges, was formally announced by regulators after Premier Li Keqiang told the Boao investor forum in Hainan that the bourses would join forces. Under the scheme, mainlanders will be allowed to trade a total quota of 250 billion yuan worth of HK stocks, subject to a maximum of 10.5 billion yuan a day, through mainland brokers. They will place the orders with the Shanghai Stock Exchange, which will then pass them on to HK Exchanges and Clearing (HKEx). Hong Kong investors will be able to trade up to 300 billion yuan of A-shares - subject to a maximum of 13 billion yuan a day - through HK brokers, who will place the orders with HKEx, which will pass them on to the Shanghai bourse. HKEx chairman Chow Chung-kong said the scheme marked a milestone for the development of the HK market. "This would be as important as the H-shares listing in HK 20 years ago," Chow said. The HK Monetary Authority said the scheme would strengthen the city's role as a yuan trading centre.

Guangdong governor talks up free-trade zone with HK and Macau: A proposal to create a free-trade pilot zone encompassing HK, Macau and parts of Guangdong had got the backing of Beijing, the province's governor, Zhu Xiaodan, said. "We hope [the proposed free-trade pilot zone] would take from Shanghai's free-trade zone," Zhu said. Without offering an exact timetable for realising the proposed zone, he said: "I hope we don't have to wait until the end of the year." Like the Shanghai zone, it would be a place to test new regulatory approaches, public policy or economic policy programmes as well as facilitating trade and business transactions. The province had received positive feedback from the top leadership and government departments after it submitted draft plans, Zhu said. Zhu said in last September the zone would take advantage of HK's position as a financial hub to boost regional growth.

CY Leung hints at new controls on HK's growing tourism numbers: Chief Executive Leung Chun-ying has hinted for the first time that his administration is considering controls on the number of tourists in HK. He admitted that the rising volume of visitors in recent years had "affected the daily lives" of residents, especially commuters and shoppers. He said: "The government is aware of this, and we are studying ways to regulate the growth ... of incoming travellers. But we also want to increase our capacity to accommodate tourists." Last year, the number of visitors rose 11.7 per cent to 54 million. They included 41 million from the mainland - with more than half arriving under the individual visit scheme. The influx has boosted the retail, catering and property sectors in the city, but has annoyed residents by causing congestion on public transport and at popular leisure spots. However, Leung refused to elaborate on how visitor numbers may be adjusted, such as whether the individual traveller scheme would be reviewed.

Lawmakers' questions on proposed Future Fund left unanswered: Lawmakers were left in the dark on the purpose and function of a special fund which has been proposed to tackle possible fiscal problems caused by the city's ageing population. Details on the Future Fund, proposed to resolve the city's possible structural deficits, will be the next task of the government's economic advisers, the financial services minister told lawmakers. Secretary for Financial Services and the Treasury Chan Ka-Keung said he would discuss the purpose and operation of the Future Fund with the working group on long-term fiscal planning, which was set up in June last year.

Domestic politics

Beijing officials, HK pan-democrats no closer after holding talks on political reform in Shanghai: Getting the two sides together was an achievement in itself, but hopes a meeting between pan-democratic lawmakers and senior Beijing officials would ease their differences did not last long. And the two hours of exclusive talks that followed "did little" to narrow the divide over democracy in HK, lawmaker Frederick Fung said. Fung said the talks had not done much to resolve a deep-rooted divide over questions such as whether the public should have a role in nominating candidates for the 2017 chief executive election, or whether the electoral system should ensure the top job goes to a "patriot". Legislative Council president Jasper Tsang, who moderated the talks, acknowledged that "much distance" remained on some issues, but added: "It was impossible for the divide to be narrowed, or even eliminated, in a single meeting." League of Social Democrats chairman "Long Hair" Leung Kwok-hung flew back from Shanghai on April 11 after he refused a request from customs officials to hand over material banned on the mainland, including leaflets and T-shirts bearing words in support of Tiananmen Mothers, a group formed by mothers whose children died in the 1989 crackdown on student-led pro-democracy protests.

Li Yuanchao slams Occupy Central as 'illegal movement that impedes universal suffrage': Top Beijing officials slammed Occupy Central as an "illegal" movement that "damages the prosperity and stability of HK". During a high-level meeting with media executives from the city, Vice-President Li Yuanchao, the deputy head of the Communist Party's leading group on HK and Macau affairs, and Wang Guangya, director of the State Council's HK and Macau Affairs Office, said Beijing strongly opposed the movement. Occupy Central is a non-violent civil disobedience movement which plans to block streets in Central if the government does not come up with an acceptable plan for universal suffrage.

Carrie Lam hails 'compromise' plans for 2017, but remains pessimistic: Chief Secretary Carrie Lam welcomed recent compromise proposals for electoral reform under which the public would not get to nominate candidates for chief executive in 2017. Lam, who leads the government's consultation on reform, did not elaborate. But others saw her remark as an implicit endorsement of a plan released by a group of academics that would allow the public to recommend candidates to a nominating committee. That idea was also hailed by the justice secretary as "relatively more concrete" than allowing the public or parties to choose candidates. But Lam said she remained pessimistic on finding a plan that would pass the legislature.

HK 'should adopt national security law until own version is ready': Mainland academics have suggested that HK temporarily implement the nation's security laws until it legislates its own version. Legislative Council president Jasper Tsang was "shocked" by the proposal and said it would be inconsistent with the Basic Law, adding that he did not believe it represented the views of the central government. An article on the Beijing-loyalist Bauhinia Magazine cited Peking University law professor Rao Geping as saying that mainland academics wanted the security laws applied in HK until the city enacted anti-subversion legislation in line with Article 23 of the city's mini-constitution. Article 23 requires HK to pass laws prohibiting acts of "treason, secession, sedition or subversion" against the central government. It was the trigger for a 2003 protest by half a million people who saw such legislation as a threat to the rights and freedoms of Hongkongers. The march forced the government to shelve its plan. The Security Bureau said the government was focused on livelihood issues and had no plan yet to pass an Article 23 bill.

HK Bar Association rejects public nomination for 2017 chief executive election: HK's barristers have dismissed a key demand of the pan-democratic camp in the debate over the 2017 chief executive election - and described one of Beijing's criteria for the city's future leader as legally dubious. In its submission to the government consultation on electoral reform, the Bar Association rules out the idea of letting the public choose or even suggest hopefuls when the city elects its leader for the first time. It says the Basic Law is clear that only a nominating committee can pick candidates, despite claims by some pan-democrats that public nomination is vital for a truly democratic poll. But the association describes as "highly questionable as a matter of law" the idea that candidates must be patriots who "love the country and love HK", as Beijing officials and loyalists have repeatedly asserted.

Johannes Chan says set aside public nomination hopes for 2017 for the greater good: A top legal scholar has urged fellow democracy advocates to set aside their call for the public to be allowed to pick candidates for the 2017 chief executive election, for the greater good. Professor Johannes Chan said public nomination, a key demand of many pan-democrats, should for now be put aside to forge consensus as hopes for political reform hang in the balance. Instead, pan-democrats should ensure the 2017 poll was free of arbitrary "screening" of candidates critical of Beijing. Local and central government officials say allowing the public to choose hopefuls when the city elects its leader for the first time would breach the Basic Law, which gives the task to a nominating committee. Pan-democrats fear the committee will screen out critical candidates, especially as Beijing insists the city's leader must be a "patriot".

International relations

HK, Philippines resolve bus hostage crisis as families accept payout: More than three years of strained ties over the 2010 Manila bus hostage crisis ended on April 23. The Philippines expressed its "most sorrowful regret and profound sympathy" over the tragedy which claimed the lives of eight HK people. A joint statement issued by the two governments announced the immediate lifting of sanctions against Philippines officials and a "black" travel alert imposed shortly after the incident. The families of those affected received an undisclosed sum in compensation, which they have described as reasonable. The Philippine government said moves were under way to hold those responsible accountable and that it would give updates on their progress. Manila Mayor Joseph Estrada, who arrived in HK on April 22, also handed over two resolutions passed by Manila's city council expressing the authorities' apology and declaring August 23 will from now on be a day of prayer for the souls of those who died. Chief Executive Leung Chun-ying said he and the families believed the sincerity shown by the Philippines helped make the agreement possible. "I also believe the bilateral relations between the peoples of HK and Philippines will start a new chapter," Leung said.

Beijing upset after Martin Lee and Anson Chan meet Joe Biden at the White House: Beijing's Foreign Ministry representative in HK has accused the United States of "meddling" in the city's internal affairs and warned Washington not to hamper Sino-US relations after US Vice-President Joe Biden met two heavyweight pan-democrats from HK. Anson Chan, the former chief secretary and the convenor of pro-democracy group HK 2020, and Martin Lee, founding chairman of HK's Democratic Party, met the US politician on April 4. In the question-and-answer format on the website of the Office of the Commissioner of the Foreign Ministry in HK, the spokesman for the office said: "HK affairs are China's internal affairs. We firmly oppose any countries meddling in the city's internal affairs in any way." He added: "HK is now in a sensitive political reform period. [We] would hope the US would be cautious of their words and actions regarding HK affairs and not let HK issues impede Sino-American relations."

Legal affairs and human rights

Justice chief eyes quick deal with Macau over transfer of fugitives: The government will act "expeditiously" to make arrangements for the transfer of fugitives between HK and Macau, Secretary for Justice Rimsky Yuen said. But a legal academic questioned whether an arrangement to move criminals between the special administrative regions would apply to two high-profile HK businessmen whose case put the issue in the spotlight. Yuen was speaking after HK developers Joseph Lau and Steven Lo were found guilty of corruption and money-

laundering by a Macau court last month. The pair were each sentenced to five years and three months in prison, but will not serve the sentences unless they return to the former Portuguese enclave. Yuen said officials of the two cities' justice departments were working on arrangements for the surrender of fugitives "in the context of mutual legal assistance" and that talks could soon involve higher-level officials. He said legislation would be needed in both cities after a deal was agreed. If concluded, the agreement will "break new ground" by becoming the first agreement on the surrender of fugitives between two Chinese jurisdictions, he noted. Neither HK nor Macau have such an arrangement with the mainland.

Self-censorship 'common' in HK newspapers, say journalists: Journalists in HK say self-censorship in the news media is common and owners or management regularly exert editorial pressure, while the public have a negative impression of the level of press freedom in the city. Those are the findings of a new press freedom index which was carried out before two events that rocked the city's faith in journalistic liberty. On a scale of zero to 10, where 10 indicates "very common", journalists rated media self-censorship at 6.9, while the public gave 5.4, as part of the first HK Press Freedom Index. Journalists rated pressure from owners or management at 6.5, indicating it was also common, even worse than the public's impression indicated by their rating of 6.2. Chinese University journalism professor Clement So, who was involved in the creation of the index, said the results did not take into account the brutal attack on Kevin Lau shortly after he was removed from his post as Ming Pao chief editor, or the abrupt firing of outspoken radio host Li Wei-ling by Commercial Radio. The index might paint an even grimmer picture of censorship and press freedom in the city in the light of those events, So said.

Foreign journalists call for greater international scrutiny of HK press freedom: Attacks on high profile HK media figures have had a "chilling effect" on both local and foreign media, the Foreign Correspondents' Club has warned. Francis Moriarty, head of the FCC's press freedom committee, urged overseas governments to watch, monitor and comment on the situation, though he conceded there was little they could do to protect journalists in HK. His comments followed an assault on two senior executives of HK Morning News Media Group by masked men in broad daylight on March 19 and a chopping attack on the former Ming Pao chief editor Kevin Lau on February 26.

Health

Bureau denies plan to cancel toxic pesticide ban is 'health risk': A proposal to exclude three pesticides from a new food safety law was made following a recommendation from a mainland regulator, the Food and Health Bureau has admitted. But the practices of other countries were also taken into account and the proposal was not intended to accommodate mainland Chinese standards only, the bureau said. It dismissed suggestions that the move posed a health risk to Hongkongers. Mainland China and the US had different restrictions on three vegetable pesticides - triphenyltin hydroxide, fosetyl-aluminium and thidiazuron. The bureau found that this would cause difficulties in laboratory tests and hence proposed exempting the chemicals from the law after conducting a risk assessment. Lawmakers said that not imposing any limits was a "backward" move and would expose the city to the risk of toxic food. They lambasted the bureau for failing to provide data on the amount of food imports that contained the three chemicals.

Camel rides 'risky' as Middle East respiratory syndrome spreads: Travel agencies have been advised to remove all camel rides from their tour itineraries in the light of the rising number of Middle East respiratory syndrome (Mers) infections around the world. Camels had been identified as one of the hosts that played an important part in transmitting the deadly virus, whose exact source was as yet unknown, University of HK microbiologist Dr Ho Pak-leung said. But there had been no prevention and control measures to tackle the viral transmission chain since Mers emerged in April 2012, plaguing mainly the Middle East, Ho said. He said local authorities had been lagging behind for several months in their Mers reports, providing no information on whether the virus had mutated in cases found this year. He cautioned that the prevention of Mers was more difficult than severe acute respiratory syndrome, which killed 299 people in HK in 2003.

HKU team hail H7N9 flu vaccine 'breakthrough': University of HK researchers have developed a vaccine that may be the first in the world to offer a shield against many influenza viruses - including the deadly H7N9 bird flu strain - in one simple shot. The HKU team described it as a breakthrough for seasonal flu vaccines, which can usually only provide protection against one or a few specific viral subtypes each. The study found the new vaccine helped 80 to 100 per cent of mice fight different strains of flu viruses. But it might take years before the vaccine is tested in human clinical trials, associate professor of public health Dr Leo Poon said.

Environment

Walkout chaos at council over Tuen Mun dump extension plan: A district council meeting was left without a quorum on April 25 after 18 councillors walked out as the environment minister was about to explain a controversial landfill extension plan. Eighteen of the 35 district councillors left the special meeting of the Tuen Mun council that was to have heard Secretary for Environment Wong Kam-sing give details of an application for funds to extend the local tip. Councillors want compensation for affected residents, road improvements and a system to reduce household waste. Chairman Lau Wong-fat called on the government to put the plan on hold until all councillors reached agreement. But Wong said more waste-management facilities were "necessary and urgent". The government is facing strong opposition to its proposal to expand the Tuen Mun, Tseung Kwan O and Ta Kwu Ling tips until a planned incinerator off outlying island Shek Keu Chau - also a contentious project - is ready.

10,000 households to take part in waste-charging pilot scheme: Up to 10,000 households from seven estates will take part voluntarily in a six-month trial aimed at helping officials design a waste-charging scheme for introduction in 2016. Environment Secretary Wong Kam-sing said that the pilot scheme would allow the Council

for Sustainable Development to collect firm data and "test out the logistics" in charging for disposal of municipal solid waste. Three charging methods - weight by building, volume by building and volume by household - will be tested without any money actually changing hands. The government has pledged to introduce an official waste charge by 2016 and to slash the amount of rubbish produced by 40 per cent by 2020.

Recycling firms to get up to HK\$5 million to divert waste from landfills: Waste recyclers will be offered up to HK\$5 million worth of grants for initiatives to boost their capacity and efficiency from a proposed HK\$1 billion fund to promote recycling, the environment minister says. But industry insiders questioned the fund's emphasis on capital spending and warned that the project's success would depend on how much of the money filtered through to frontline recycling workers. Under the plan outlined by Secretary for the Environment Wong Kam-sing, companies will receive grants of up to HK\$5 million, which they must match, for a two-year project to expand their businesses. They can use the cash to buy equipment or vehicles or put it towards hiring staff, as long as the plan results in a reduction in the amount of waste sent to the city's fast-filling landfills. Chambers representing recycling businesses can apply for up to HK\$10 million to improve safety and environmental standards, for example by offering certification to companies or helping them train staff.

Culture and education

Bids invited to operate schools at five sites: Two vacant schools and three new sites are being offered for the development of non-profit international schools. Bids are being invited for use of the sites as part of government measures to boost the number of international school places in HK. The Education Bureau estimates that the exercise could provide more than 3,300 extra places. They are open to applications from non-profit-making international school operators in HK over the next two months. The deadline for bids is May 30. The schools should be run on a self-financing basis and bidders are expected to fund any renovation and construction work required. Successful bidders will usually enjoy nominal rents or favourable land premiums.

Squeeze on international-school locals: International schools that reserve at least 80 per cent of places for non-local children may be given priority in the government's land grant scheme, an education official says. Wendy Chung, principal assistant secretary for education, said on the Education Bureau's website that the government would not be following suggestions to increase that proportion to at least 90 per cent. International schools currently operating are required to have at least 70 per cent non-local pupils - although the average proportion is 85 per cent, according to Chung.

Keep fees down, direct-subsidy schools urged: Government-subsidised private schools have been warned to keep affordability in mind as they look to increase fees - in one case by more than 40 per cent. At least 16 of the 62 secondary schools that receive funding under the Direct Subsidy Scheme have told the Education Bureau they intend to push up fees for the next academic year ahead of April 30's deadline to do so. The scheme gives schools more power to set fees, curriculums and admission criteria than other types of government funding, but has been accused of pricing some poorer pupils out of schools that were once free. The Education Bureau says schools must explain their grounds for charging higher fees, submit their budgets and show that they have consulted parents.

ESF boss hoping to build bridges with the local education sector: The English Schools Foundation's chief executive Belinda Greer says she hopes her group can bring new ideas developed overseas to the education sector in HK, and develop partnerships between local, ESF and international schools. "We do feel a responsibility beyond just our own schools," Greer says. "We feel that we can really strengthen HK." Many parents choose ESF schools not only because they provide education in English, but also because they want their children to have "a different educational experience from the one that they personally had in the local system", says Greer.

Varia

HK named 'best city in the world for commuters': HK is the best place in the world for people to travel around, but falls behind in cycling paths and air quality, a study has found. The study, involving 84 major cities across the globe, found the city had developed "the most advanced urban mobility system in the world", with public transport being the main mode of commuting and the number of registered vehicles per head of population is one of the lowest. The Urban Mobility Index report, compiled by international consultancy company Arthur D Little, found HK's railway system "impressive", and the high use of Octopus cards also played an important part in securing the top spot. "Mass Transit Railway has turned HK's high population density into an opportunity rather than a threat," it said.

Retirement age of new HK civil servants to rise to 65 under new plans: The retirement age of newly hired civil servants will be extended from 60 to 65 under a government plan to tackle the ageing population and shrinking workforce. Although the retirement age for existing public sector employees will remain unchanged, department heads will be given more flexibility to keep those who reach retirement age. Civil service groups generally supported the proposal but were worried that the promotion prospects of young civil servants would be hindered. A human resources expert and an employer representative believed the private sector would follow suit. Stanley Lau, the chairman of the Federation of HK Industries, said this was the "right way to go" and companies might follow suit. The retirement age in the private sector is usually 60, he added.

Press articles related to Switzerland and Swiss matters

China Resources chief Song Lin sacked as UBS probes banker's alleged affair, finance ties (SCMP, April 19): Song Lin, the top official of state-owned conglomerate China Resources who is under investigation for suspected corruption, has been sacked as chairman of the firm, the official Xinhua news agency said. Meanwhile, the Swiss bank UBS has launched an internal investigation focused on the alleged relationship between one of its

Hong Kong-based bankers and Song. The bank started investigating Helen Yang, a senior investment banker based at its Hong Kong office. The probe was initiated after UBS' Switzerland headquarters ordered the bank's top bosses in Asia to look into claims around Yang's affair with the China Resources chairman. According to the allegations, first levelled by Xinhua journalist and whistle-blower Wang Wenzhi, Yang helped Song launder money he made from allegedly corrupt deals. China Resources is one of UBS' major state-owned enterprise (SOE) clients. Yang has handled all China Resources business since joining the bank in June 2012, according to sources and public records. UBS declined to comment. UBS started to get business from China Resources soon after Yang joined in 2012, public records show. Before that, all of China Resources' major deals went to Credit Suisse and Morgan Stanley, including the US\$874 million initial public offering of China Resources Cement in September 2009. It remains unclear how exactly Yang helped UBS win at least two China Resources deals.

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