

Economy + Finance

Property, retail shares fall on fears chief executive will cut mainland visitor numbers: Chief Executive Leung Chun-ying played down reports the government was considering cutting the number of mainland visitors by 20 per cent. But that didn't stop the shares of retailers and property developers falling and retailers crying foul. Leung said the government was "listening to views" about how to handle the annual influx of 40 million mainland visitors, a number that is expected to reach 100 million by 2020. Some legislators have called for the one-year visas that allow multiple entries, introduced in 2009, to be scrapped. Secretary for Commerce and Economic Development Greg So said the government would gather data on mainland visitors before discussing arrangements with Beijing. The sight of mainland tourists pouring into the city, inundating public transport and snapping up homes, designer handbags and daily necessities has caused much public discontent.

HK property cooling measures won't ease 'until US interest rates rise': Investors should not expect any easing of measures to cool the property market until a rise in US interest rates. That was the message from Secretary for Financial Services and the Treasury Chan Ka-keung. He described the stamp duties designed to hold back real estate speculation as "extraordinary measures for extraordinary times". And he said: "Clearly, this is not a time for unwinding." The government imposed three measures in stages in 2012 and 2013 to counter the impact of super-easy monetary policy in the US and elsewhere that led to cash, often from abroad, being injected into the city's property market after the cost of funding in US dollars - to which Hong Kong's currency is pegged - fell to zero in 2009. Average home prices across the city have risen 125 per cent since then, according to government data, pushing them far out of the reach of average Hongkongers, who complain that salaries have remained largely static in comparison.

HK in international tax talks to help defend local companies: The HK government is in talks with international bodies to defend the interest of local companies, which face a heavy tax reporting burden as the US and other countries step up rules to crack down on tax dodgers. "HK has very low and simple tax rates and many of our companies fail to understand why we need to do the reporting for other countries where they have complex tax rules," said the secretary for financial services and the treasury, Chan Ka-keung. He said there would be big changes in international reporting conditions as the Group of 20 seeks an international agreement for tax information sharing HK will find difficult to avoid. Even before such an agreement comes into being, the US from July 1 will introduce the Foreign Account Tax Compliance Act (Fatca) that would require financial firms around the world, including all banks and brokers from HK, to report to the Internal Revenue Service (IRS) in Washington on the accounts of clients who are American citizens or permanent residents. The city's simple tax rules mean many local companies, including banks and brokers, do not have sophisticated tax reporting systems in place. So the proposed international tax information sharing agreement and the Fatca are expected to increase the operating costs and administrative burden for local companies.

Singapore overtakes HK in competitive ranking: HK has further slipped in global competitiveness, dropping from third to fourth and losing its spot to regional rival Singapore in a ranking by Swiss business school IMD's 2014. The United States ranked first while Switzerland ranked second. HK's ranking was the worst in a decade, having slipped from the top spot in 2012. Earlier this month, the Chinese Academy of Social Sciences released a report showing HK topped all Chinese cities for the 12th consecutive year in competitiveness.

Money laundering law could extend to non-financial firms: The HK government is expected to extend the law against money laundering - now applicable only to the financial sector - to lawyers, accountants, property agencies and jewellery shops, industry observers say. The ordinance, which took effect in April 2012, covers banks, securities companies and insurance firms, as well as money service operators (remittance agents and foreign exchange firms). A spokeswoman for the Financial Services and Treasury Bureau said: "We will consider appropriate regulatory or legislative measures to enhance the anti-money-laundering and counter-financing-of-terrorism standards for non-financial businesses in HK." The government had been working closely with those in non-financial businesses, including lawyers, accountants, trust and company service providers, estate agents and dealers of jewellery, in implementing anti-money-laundering and counter-financing-of-terrorism measures, she said.

New competition watchdog needs cash, its chairwoman tells lawmakers: The new competition watchdog will lack the bite to take on big business unless it is given a war chest for the battles ahead, its chairwoman warned lawmakers. The Competition Commission will police the Competition Ordinance when it comes into full effect next year, but chairwoman Anna Wu says taking cases to the new Competition Tribunal will not be cheap. The ordinance was passed in 2012 after years of debate and is aimed at providing a level playing field by punishing two types of anti-competitive practice: price fixing and market sharing; and abuse of market power. Wu said success would also depend on the sanctions imposed by the tribunal, which will have the power to fine companies up to 10 per cent of turnover for three years, order damages and disqualify directors.

Domestic politics

Bun fight in Legco as chief executive warns of action against Occupy Central: Relations between the administration and the legislature have reached a "critical point", a top government adviser said, after Chief Executive Leung Chun-ying's question-and-answer session was abandoned as radical lawmakers hurled insults -

and buns - his way. Legislative Council president Jasper Tsang took the unprecedented decision to halt the session five minutes before it was due to end after expelling several radicals who hit out at Leung for his criticism of their attempt to filibuster the budget. As pro-establishment lawmakers called for tighter Legco rules and Leung demanded "serious" action, pan-democrats said the chief executive should show more respect for the legislature. Financial and professional companies plan to sue the organisers of Occupy Central for any loss or damage they suffer from the movement's planned blockade of the business district, the chief executive said. Reiterating his stance that the movement is unlawful, Leung Chun-ying also said it would be "impossible" for police to issue a letter of no objection - a prerequisite for any big public protest - to the organisers. Key Occupy organiser the Reverend Chu Yiu-ming said the group had no plans to apply for a police letter, as it was a civil disobedience movement.

Occupy could abandon disobedience plan if less than 100,000 vote in 'referendum': A leader of the Occupy Central movement has hinted it will scrap its planned civil disobedience protest if fewer than 100,000 people vote in a "referendum" next month. The "referendum" was set up to decide which of three models for the 2017 chief executive election Occupy would endorse. But activists who took part in a series of meetings to shortlist the options chose only models that allowed the public to nominate candidates - which Beijing says is unconstitutional. The decision has been criticised by moderate pan-democrats for "disenfranchising" voters who do not want "confrontation". "If not even 100,000 people turn up, I can say frankly that I think the campaign has failed," co-organiser Dr Chan Kin-man said. "We, the three organisers, have discussed it ... and we think that if only tens of thousands of people voted, we should make a public apology and admit that we don't have the ability to lead the campaign."

Radicals urge public nomination choice on 'deliberation day' referendum: Three proposals that push for public nomination of chief executive hopefuls in 2017, an idea already dismissed by Beijing, triumphed in Occupy Central's third and final "deliberation day" on May 6 in a vote on models for a citywide "referendum" on political reform. Eight relatively moderate proposals, including suggestions by Civic Party lawmaker Ronny Tong and former chief secretary Anson Chan's HK 2020 think tank, failed to make the cut. When asked whether the vote lacked representation or failed to give Hongkongers a genuine choice in the referendum next month, Occupy Central organiser Benny Tai said: "It's showing the demand of the people actively pushing forward HK's democratic movement ... And it's the reality that you have to face, whether you are radical, moderate, pro-establishment, or [from] the SAR or Beijing governments." Vice-President Li Yuanchao reiterated Beijing's opposition to Occupy Central when he met members of the HK Federation of Fujian Associations in Beijing on May 5.

Thousands of workers descend on Victoria Park for Labour Day march: Thousands of workers from across the employment spectrum descended on Victoria Park on May 1 for the annual Labour Day march organised by the Confederation of Trade Unions (CTU). Domestic and migrant workers, teachers, marine department employees and construction workers took to the streets to demand better employment conditions and a raft of policy changes - with many calling on Chief Executive Leung Chun-ying to fulfil his election and policy address promises. Protesters also made clear their opposition to increasing overseas labour in HK and vented frustrations at the Mandatory Provident Fund scheme.

Legal affairs and human rights

One-week delay as judge 'reluctantly' discharges jury in Hui, Kwoks corruption trial: The judge presiding over the city's most high-profile corruption case "reluctantly" discharged the jury barely an hour into the hearing on May 28. The collapse of the nine-strong jury was prompted by the exit of a juror who complained of illness. This resulted in the adjournment until June 4 of the High Court case alleging former chief secretary Rafael Hui took HK\$34 million in bribes from the heads of Sun Hung Kai Properties and others. Hui faces eight charges related to bribery and misconduct in public office. SHKP co-chairman Thomas Kwok faces one charge of conspiracy to offer an advantage to Hui and two counts of conspiracy to commit misconduct in public office. Raymond Kwok, also co-chairman, faces four charges, including one count of furnishing false information with Hui.

Legal expert calls for increase in city's 'outdated' jury pool: HK's jury pool - which includes only about 10 per cent of the population - is too small and should be made more representative of the community, a legal expert says. University of HK law professor Simon Young said outdated restrictions on such matters as age and education level should be removed. Another factor is the reluctance of people building careers and establishing their professional lives to serve as jurors, particularly in long, complex cases.

Health

One new superbug infection every 18 minutes in HK public hospitals: Public hospitals reported a new case of superbug infection every 18 minutes last year, according to Hospital Authority figures. And more than a tenth of the cases led to a blood infection that put patients at risk of developing life-threatening sepsis without prompt treatment. The statistics show an overall 15 per cent increase in three major types of superbug infection from 2011, with HK's overcrowding and ageing population given as key factors. They underline the threat from superbugs, which was branded a "global emergency" in a World Health Organisation report on April 30. Overprescription of antibiotics is another reason for the rise.

Delivery ban on mainland mothers to continue, Hospital Authority says: Public hospitals will continue to bar non-local pregnant women from booking any obstetric services next year to ensure priority for locals and avoid extra pressure on limited clinical resources. The suspension, in force since January last year, prevents

mainlanders from giving birth in public hospitals, whether or not they are married to Hongkongers. Private hospitals are allowed to admit mainland women only if they are married to Hongkongers.

Environment

Improvement in air quality stalled last year: Annual concentrations of certain major air pollutants have been slashed since a regional air quality monitoring partnership between HK and Guangdong began tracking levels in 2005, new results show. But the yearly trend of improvement in regional air pollution was halted by a sharp rise in pollutants last year, prompting concern from green groups as to whether regional emissions targets set for 2015 would be met by the two sides. Annual average concentrations of sulphur dioxide, nitrogen dioxide and respirable suspended particles of 10 microns or less (PM10) in the region fell a respective 62, 13 and 15 per cent from 2006 to 2012. However, ozone levels increased 12 per cent during that time, the report found. Despite the drop in pollutants over the first eight years of the network, the results showed a deterioration of air quality late last year as nitrogen dioxide and PM10 concentrations rose 5 and 13 per cent respectively from 2012. The report blamed "stronger solar radiation and lower wind speeds" in late 2013, which contributed to photochemical smog that was harder to disperse.

Funding request for HK\$18b Shek Kwu Chau incinerator gets go-ahead: Environment officials have one more hurdle to clear as they seek funding for waste infrastructure plans after lawmakers waded through scores of motions tabled in an attempt to filibuster controversial plans for an incinerator. Funding requests for the incinerator at Shek Kwu Chau, extensions to the Tseung Kwan O and Ta Kwu Ling landfills and a feasibility study on enlarging the Tuen Mun landfill will go to the Legislative Council's Finance Committee after the incinerator cash was approved by the public works subcommittee on May 27. Officials hope to have final approval by June 27, before Legco's summer recess begins in July.

Lawmakers finally vote to back HK\$2b Tseung Kwan O landfill extension: Environment officials scored a bitter victory on May 22 when lawmakers finally voted to fund a controversial extension of the landfill at Tseung Kwan O. The Legislative Council's public works subcommittee voted 16 to 9 to approve the government's request for HK\$2 billion in funding after chairman Lo Wai-kiok ended a filibuster attempt by ruling that dozens of motions submitted for debate were irrelevant.

Public to be consulted on liberalising HK's electricity market: The public will be consulted on whether to open up the market for HK's electricity supply within the year, the Environment Bureau said. At present the market is limited to two firms - CLP Power and HK Electric - and the government must inform them if it intends to open the market by 2016. The current regulatory regime expires in 2018. Secretary for the Environment Wong Kam-sing reiterated that the government had no preferred energy mix, but said the proposal to import from the mainland would "make room to open up the market", while relying more heavily on local production would "shrink" it. "Apart from the four factors of pricing, reliability, safety and environment, we should also consider the two options' relationships with the market liberalisation and their [degrees of] fuel diversification," said Wong.

Culture and education

Schools to take on extra pupils to cope with mainland influx: Five or six pupils will be added to every Primary One class in three districts for the coming school year, as pressure from children born in HK to mainland mothers continues to bite. Primary schools in Tai Po, Yuen Long and Kwun Tong will have 30 pupils allocated to each first-year class, up from 25 in previous years, a paper submitted by the Education Bureau to lawmakers reveals. An influx of HK-born children, many of whom live across the border, has already put pressure on kindergarten places in districts close to the border.

Cash-rich universities in Singapore, South Korea eclipsing HK institutions: HK universities have been eclipsed at the top of the Asian rankings by institutions from Singapore and South Korea, countries that have poured money into higher education. Compilers of the rankings said strong research and technological development in Singaporean and South Korean universities had contributed to their fast development, while HK universities had weakened in their teacher-student ratio.

Macau

Macau protests force chief executive Fernando Chui to scrap controversial perks bill: Macau's chief executive bowed to public pressure on May 29 and scrapped a contentious bill that would have granted lavish retirement packages to top officials. Dr Fernando Chui made the dramatic U-turn two days after thousands of protesters converged on the legislature calling for his resignation if he refused to withdraw the controversial proposals. He had previously pledged to shelve the bill after an unprecedented demonstration on May 25, thought to be the biggest march in the former Portuguese colony since the 1999 handover. A humbled Chui admitted his administration could have done more to explain and solicit opinions on the bill. Political scientists believe he is trying to smooth the way for his bid to secure a second five-year term. The bill would have given former chief executives a stipend every month equivalent to 70 per cent of their monthly salary for as long as they are unemployed. It would have also granted a serving chief executive immunity from criminal charges. Retiring ministers would have received a one-off payment of up to 30 per cent of their monthly wage for each month of service.

Mainland crackdown on illegal use of payment cards in Macau casinos: Macau is facing a major capital-flight crackdown amid Beijing concerns that tens of billions of yuan in illicit funds are being funnelled out of the mainland and into casinos in contravention of national currency controls. China's state-backed bank payment card UnionPay announced a raft of measures in what it described as a "committed" drive to "combat overseas money laundering, capital flight and other illegal bank card use" in the former Portuguese enclave. Mobile UnionPay

payment devices from the mainland have illegally entered Macau at a rapid rate and are being used for unauthorised dealings that appear as domestic transactions, thereby circumventing currency controls. The mobile swipe devices are also used to evade tax on the mainland, which is why they require authorisation for use there. A Macau government spokeswoman said: "UnionPay cards are not allowed to be used in Macau casinos. The recent sporadic cases of individuals carrying mobile machines for swiping payment cards were of a criminal nature and were dealt with by the police."

Macau marchers put the blame on government: More than 1,000 Macau residents expressed anger at being crowded out by tourists, a lack of affordable homes and poor employment protection for casino workers in the city's annual Labour Day march. The annual May 1 protest has taken on a similar meaning to HK's July 1 march: it gives disparate groups the chance to make their points to the people in charge. It involved a record 18 organisations with a variety of causes.

Press articles related to Switzerland and Swiss matters

Swiss voters reject proposal for world's highest minimum wage (SCMP, May 19): Swiss voters overwhelmingly rejected a plan to create the world's highest minimum wage, siding with government and business leaders worried about the costs to the nation's strong economy. The vote count by Swiss TV showed all 26 of the Alpine nation's cantons (states) rejecting the trade unions' idea of making the minimum wage 22 Swiss francs (HK\$191) per hour. Much of the national debate ahead of the referendums - held every three months in Switzerland as part of the country's direct democratic system - has focused on the pros and cons of introducing a minimum wage. The "Decent Salary" initiative insists that at least 22 Swiss francs an hour, or 4,000 francs a month, is needed to get by in the wealthy Alpine nation. But the initiative, which has drawn envious and incredulous attention from abroad, flopped, with voters heeding warnings from opponents, including the government, that the sky-high minimum wage would deal a blow to many businesses, weaken the country's economy and limit the job opportunities for younger workers.

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