

Economy + Finance

Luxury spending slump in HK pushes retail sales down: HK retail sales in the first two months of the year dropped 2 per cent from the same period in 2014, dragged down by a continued decline in tourist spending on luxury goods. The disappointing figures were mainly due to a fall in sales of jewellery, watches and valuable gifts, which declined 15.9 per cent in the first two months year-on-year. However, demand for everyday goods, including food and alcoholic drinks, remained strong. ANZ Bank senior economist Raymond Yeung said declining luxury goods sales would become the so-called new normal. "It has little to do with political movements or protests against parallel trading. The spending pattern of mainland tourists has changed," he said.

CY Leung blames anti-parallel trade protests for 'alarming' drop in HK tourism: Fewer mainland tourists visited HK over the Easter holiday compared to the same period last year, and some luxury-goods retailers who reported sales plunging by more than 20 per cent want the government to act to reverse the trend. Chief Executive Leung Chun-ying said that the recent waves of protests targeting cross-border parallel-goods traders were a significant factor in the decline in tourism numbers. He said this was despite the existence of other factors such as a strong Hong Kong dollar and economic conditions in foreign countries.

Hang Seng rallies for second day running; stock connect quota runs out again: A buying spree by mainland investors on April 9 took the city's total market turnover to a record high for the second day running, at HK\$293.9 billion. And southbound turnover of the Shanghai-HK stocks through train scheme also hit another record high at HK\$26.09 billion. Demand for HK stocks has put pressure on the local dollar's trading band, prompting intervention from the HK Monetary Authority to weaken the currency.

HK finance chief warns of stock market fluctuation after rally: HK's finance chief John Tsang called on investors to remain alert to the possibility of rollercoaster activity in the coming weeks following the stock market rally. "In the last eight trading days, the Hang Seng Index has risen 2,400 points in total, with the average daily turnover reaching more than HK\$230 billion and the largest daily turnover reaching more than HK\$290 billion," the Financial Secretary wrote on his blog on April 19. "Actually, it is just a matter of time for a market to adjust when it has aggregated a certain amount of increases. That is absolutely not strange at all."

Guangdong welcomes HK investment as China opens three free-trade zones on same day: Guangdong will welcome HK investors to set up businesses in its new free-trade zone and remove obstacles to investment, the provincial governor said at the zone's official launch on April 21. Two other zones opened simultaneously in Tianjin and Fujian, joining the existing one in Shanghai. Analysts expect heated but fair competition among the zones to attract investment. Governor Zhu Xiaodan insisted measures would be taken to streamline customs clearance and ensure the use of the HK dollar in the zone.

Chief Executive Leung Chun-ying foresees Asean-HK free trade pact next year: HK is set to play a more active role in Southeast Asia with the likely conclusion next year of an Asean-HK free-trade pact, Chief Executive Leung Chun-ying told the Asean Leadership Forum in Kuala Lumpur. He said the pact would boost HK's "super-connector" role between China and Asean.

Domestic politics:

HK politician predicts public divide on electoral reform right up to Legco vote: Executive council convenor Lam Woon-kwong does not expect the public to come to a consensus on the government's electoral reform package anytime soon, saying he believed opinions would remain divided until the legislature voted on the political reform in late June. The government unveiled the draft proposal for the 2017 chief executive electoral reform on April 22. The plan requires aspirants to obtain 120 recommendations from a 1,200-strong nominating committee to be considered in the primary election. But only two or three would wind up as candidates in a citywide election, after they obtained the support of a majority of the nominating committee. The political reform package requires the support of two-thirds – or 47 lawmakers – in the legislature, but 27 pan-democrats have repeatedly vowed to veto the reform which failed to give Hongkongers a genuine choice on the leader. The government must win over four pan-democratic votes in order for the plan to pass.

No compromises on HK political reform, vows top Beijing official: Beijing will not make any concessions over HK's electoral reform that deviate from its own principles, a key mainland official in charge of the city's affairs says. Wang Guangya, director of the State Council's HK and Macau Affairs Office, was seen as putting his foot down on attempts to sidestep a framework Beijing laid down in August last year for the city's 2017 chief executive election. The Standing Committee ruled that only two or three hopefuls who secured majority support from a 1,200-strong nomination committee could run for the city's top job. All 27 pan-democratic lawmakers have pledged to veto any reform plan that is based on Beijing's decision.

2017 electoral system must be put to the test before changing it, Beijing official tells HK barristers: The proposed system for the 2017 chief executive election must be put into practice before a decision is made on whether it should be amended in future, a Beijing official told Hong Kong lawyers. The meeting with Li Fei, chairman of the Basic Law Committee and his deputy Zhang Rongshun focused on the city's political reform, said association chairwoman Winnie Tam.

Support for HK political reform plan at 47pc, says poll: Fewer than half of respondents interviewed by three universities support the government proposal for the 2017 chief executive election. The results of three separate

polls commissioned by the city's major television stations fail to validate Chief Secretary Carrie Lam claim that "about 60 per cent" of people back the government's reform package. The latest poll found that 47 per cent support the government proposal, while 38 per cent oppose it. The remaining 16 per cent said they were undecided. A demographic analysis of the poll results showed that younger and more educated respondents had a stronger preference for vetoing the reform.

'No market' for talk of HK independence, Jasper Tsang says: HK does not need an anti-independence law at the moment as there is "no market" for separatist discourse, Legislative Council president Jasper Tsang said. Lawrence Ma, a member of the Democratic Alliance for the Betterment and Progress of HK (DAB) told the media he had submitted a draft anti-secession bill to Beijing. Chief Executive Leung Chun-ying denied newspaper reports the government planned to put forward such legislation this summer. Leung said in denying plans for a new law that the government would "stay alert" for pro-independence campaigns.

Pan-democrat split deepens as lawmaker Ronny Tong forms new platform for moderates: The divide among HK's pan-democrats widened further as lawmaker Ronny Tong announced he is preparing to form a new political platform of 30 moderate pan-dems that he hopes will contest future elections. He said the pan-democrats had done little to help the city achieve genuine universal suffrage when it merely attacked the constitutionality of the National People's Congress standing committee's decision on the issue.

Rising politician Starry Lee vows to rejuvenate DAB, HK's biggest party: Rising politician Starry Lee took the reins of the city's biggest party with a pledge to nurture young talent and lead the Democratic Alliance for the Betterment and Progress of HK (DAB) to greater success in crunch elections. The 41-year-old Legislative Council and Executive Council member was chosen by the DAB's 21-strong standing committee to replace veteran party heavyweight Tam Yiu-chung. Commentators say the DAB is seen as an ageing party, and that its Beijing-loyalist stance turns off younger voters. But Lee vowed to "pay more attention to communicating with young people".

Relations HK - Mainland China

Shenzhen cap of weekly cross-border trips greeted with caution in HK: Shenzhen's permanent residents are now limited to one visit a week to HK in an attempt to deter parallel-goods traders, but Chief Executive Leung Chun-ying does not expect the situation to ease overnight. New People's Party lawmaker Michael Tien also said it would take six to nine months to feel the effect of the policy change, as current holders of multiple-entry permits would still be able to travel freely while their one-year visas remained valid. Starting from April 13, Shenzhen residents could apply for only one-visit-per-week permits instead of the visas that were launched in 2009 to allow unlimited trips. This will slash the number of Shenzhen visitors by about 30 per cent, or 4.5 million. Beijing's HK and Macau Affairs Office told Xinhua that the measure was adopted "at the request of the HK government". The office said: "It shows the central government's concern about HK people's lives." Shenzhen residents who must visit HK frequently for family, business or other "special" reasons still qualified for multi-entry permits, Xinhua said. New Territories residents have long complained of mainlanders "abusing" the old scheme to engage in parallel trading.

International relations

European Union urges HK to adopt 'genuine choice' in elections amid city's reform fracas: The European Union weighed in on HK's political reform, saying people should be given a "genuine choice" in electing the city's leader in 2017. In reply to the European Union's comment on the political reform, a HK government spokesman said the government's proposal is legal, rational and reasonable, as it allowed eligible voters to choose the future chief executive on a one-man-one-vote basis. The 28-nation European bloc said in its report that its trade, economic and cultural relations have been growing steadily.

US urges 'meaningful choice' of candidates for Hong Kong's leader: It is for Hongkongers and the city's lawmakers to decide whether to pass the proposal for the 2017 chief executive election, the US consulate says, although the United States believes the legitimacy of the city's leader will be enhanced if there is a meaningful choice of candidates. The US has an interest in HK's continued stability and prosperity based on "one country, two systems," the Basic Law, and a high degree of autonomy, consulate spokesman Scott Robinson said.

Legal affairs and human rights

HK airport 'ground zero' for human smuggling, says UN report: HK's airport has been pinpointed by the UN as a crucial transit point for worldwide human smuggling rackets. Both HK and Macau were labelled as transit points for migrants smuggled from mainland China, who are increasingly using fraudulent travel and identity documents to cross international borders. The migrants typically leave the mainland using genuine documents, but switch to fraudulent papers in a transit jurisdiction. HK's Security Bureau rejected the claim, insisting: "HK is not a source, transit point or destination for human traffickers."

Government seeking legal advice on HKTv ruling, says Rimsky Yuen: The government will seek legal advice from a senior counsel over court ruling that its decision to deny HKTv a free-TV licence was unlawful, the secretary for justice says. The High Court ruled that it was unlawful of Chief Executive Leung Chun-ying and his cabinet to deny a free-to-air licence to HKTv in 2013. It asked the Executive Council to reconsider its decision, which sparked street protests by HKTv supporters and pan-democrats and prompted HKTv boss Ricky Wong to seek a judicial review.

HK drops to 83rd place in free press ranking: Increased violence against journalists and cyberattacks on news websites have led to a further decline in HK's press freedom, says a US report. The study by Freedom House, a social concern group, ranked the city 83rd in press freedom, down from last year's 74th place and 71st position in 2013. The watchdog said Beijing's enormous economic power and influence had allowed it to exert "considerable

indirect pressure" on the city's media that has led to growing self-censorship. Journalists Association chairwoman Sham Yee-lan said the drop in the city's ranking was expected as an association poll of journalists and members of the public showed a similar result last month.

Health

HK views split on labelling for milk formula products: A government proposal to regulate nutrition and health claims for infant formula, including assertions that products can make babies "smarter", has drawn diverse views from the city's milk producers and breastfeeding activists. While both parties said misleading marketing tactics should be banned, they disagreed over which regulatory approach the government should adopt. The arguments emerged as a public consultation on the issue ended on April 17. The government, which wants to encourage breastfeeding, will next decide whether it should take a more restrictive or lenient, more inclusive approach. The Infant and Young Child Nutrition Association, which represents major brands, said the government should allow health claims that were scientifically proven to be accurate, while the Breastfeeding Mothers' Association said all claims should be banned except essential information, such as whether a product was lactose-free.

No link between blueberries and hepatitis, government says amid health scare: Food and health chief Dr Ko Wing-man has dismissed fears that tainted blueberries caused a hepatitis A outbreak after a smartphone alert sparked alarm. The message swept the city after Australian authorities said an increase in cases of the disease earlier this year was caused by a shipment of packaged, mixed berries processed in China. While HK has recorded an unusually high 64 cases of hepatitis A this year, the minister said there was no link between consumption of berries and the rise in infections.

HK government 'ready to negotiate on voluntary health insurance scheme': The government is exploring possible "concessions" with insurers over a proposed voluntary health insurance scheme to avoid a low take-up rate and has identified several aspects for negotiation and amendment, a government source said. One major area concerns whether insurers should be allowed to offer cheaper insurance policies to consumers that exclude coverage of their pre-existing health conditions, according to the source. Under the proposed scheme, all private health insurance policies will have to meet at least 12 minimum requirements set by the government. Insurance sector lawmaker Chan Kin-por confirmed the industry was negotiating with the government over several terms, and both sides wanted to complete a new proposal by June.

Environment

Plastic bag levy confuses HK shoppers as full scheme comes into force: Patrons at a supermarket blamed unclear government guidelines on when they had to pay 50 cents for a bag, despite the store placing at its entrance publicity fliers with photographs illustrating examples of goods that fell within and outside the scheme. During this month, shops that did not charge the levy as required would get a verbal warning first, and would be prosecuted if they breached the regulation again. No verbal warning would be given after this month. Offending retailers can be fined HK\$2,000. The regulation does not target shoppers.

HK Electric, CLP Power face cut in earnings and prospect of competition in longer term: Rolling out a public consultation on the development of the electricity market on April 1, environment chief Wong Kam-sing said CLP Power and HK Electric faced a cut in annual returns from the existing 9.99 per cent on their net fixed assets under the 10-year scheme of control agreement, which expires in 2018. And the controversial idea of importing power from the mainland has been shelved for now. However, the utilities - both natural monopolies in their own service areas - will be spared competition, at least in the near future.

HK task force shelves legislation on light pollution: HK should not yet follow London, Sydney and Shanghai by imposing laws to tackle light pollution, government advisers say. Even though previous studies found the problem worse here than anywhere in the world, they propose a "less draconian" approach of asking businesses to voluntarily switch off lights at preset times. The Task Force on External Lighting stressed that it was necessary to strike a balance between commercial viability, nuisance to residents, the impact on the tourism sector and even safety.

Culture and education

HKU head defends plans for mandatory student visits to mainland China amid retraction: The University of HK's (HKU) vice chancellor Professor Peter Mathieson has broken his silence on a controversial plan to make mainland China learning programmes compulsory for its students, insisting this would help them build up a "truly global perspective". HKU drew ire from its student body after it announced the idea for students to go on compulsory immersion programmes - one in mainland China and one overseas - by 2022. HKU student union leader Billy Fung said he opposed the idea of making such visits mandatory for all students. HKU said whether the policy would become mandatory would depend on further consultation and deliberation with students, staff and other stakeholders. The two other top universities in HK - Chinese University and the HK University of Science and Technology - have said they have no similar plans for mandatory learn abroad programmes.

HK politician Arthur Li faces calls to quit university's governing council: An Executive Council member's provocative criticism of University of HK scholars and student activists has backfired, with a staff association flagging up a poll in which more than four in five people urge him to quit the institution's governing body. Professor Johannes Chan questioned Exco member Professor Arthur Li's understanding of the role of academics when Li accused HKU scholars of taking the easy way out instead of doing their jobs properly. Chan said that engagement with community and social issues formed a key part of HKU's academic mission.

Outgoing English Schools Foundation chairman hopes to keep fees for its HK schools relatively low: The English Schools Foundation's outgoing chairman, Carlson Tong, hopes the foundation can keep its tuition fees at

the low end of those charged by international schools after the removal of its government subsidy. He hoped the foundation could continue to cater to its originally targeted parent groups, such as university lecturers, civil servants and other middle-class professionals. The government will start phasing out the annual HK\$283 million subsidy over 13 years from next year.

Macau

Macau gaming revenue falls for 10th straight month: Macau's gaming revenue fell for the 10th straight month in March and suffered its second-worst year-on-year decline as Beijing continues to crack down on corruption. With the poor showing in February and March, Macau's gross gaming revenue has fallen 36.6 per cent to 64.78 billion patacas in the first quarter, the worst quarterly performance on record. "It's going to be a very hard year for Macau. What's really pulling down the figures are political factors. China's anti-corruption drive is stopping VIP guests from coming," said John Bruce, Macau director of HK risk consultancy Hill & Associates. VIP guests account for most of the gaming revenue. Corrupt mainland fat cats are believed to be among them, laundering cash under the guise of gambling.

Macau luxury watch expo axed as China's anti-graft campaign drives VIPs away: The effects of President Xi Jinping's crackdown on graft continue to be felt beyond mainland China, with organisers of a luxury Macau watch show axing the event due to poor expected turnout, while auctions in HK are also apparently falling victim to the drive. The Communist Party forbids cadres from gambling, but until Xi stepped up his campaign, the rules were loosely enforced in Macau. Auction houses in HK, meanwhile, also appear to be feeling the heat.

Press articles related to Switzerland and Swiss matters

Why so sad? HK sinks in 2015 World Happiness Index, but stays ahead of mainland China (SCMP, April 24): Hongkongers are getting less happy by the year, with the city again slipping in the latest UN-backed World Happiness Report. The index ranked HK 72nd among 158 countries and territories assessed. The study is based on factors such as gross domestic product per capita and life expectancy, as well as surveys asking thousands of people their views on matters such as freedom, generosity, social support and corruption. **Switzerland** was the world's happiest place with a score of 7.587, just ahead of Iceland and former No 1 Denmark.

351.0 - HWR/LEE/CSD/CHW/NHA

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