

Economy + Finance

HK's business sector wants focus to shift to economic development after political reform vote fails: With the prospect of electoral reform now in tatters, local business associations are calling on opposing factions to set aside their differences and focus instead on the economy. Meanwhile, the European Union Office to HK and Macau issued a statement expressing the EU's continuing confidence in the city as a global financial and business centre, "underpinned by the rule of law, rights and freedoms in line with the 'one country, two systems' principle and guaranteed by the Basic Law".

HK is second worldwide for foreign direct investment flowing in and out of the city: The mainland topped the list of the world's most popular destinations for foreign direct investment while HK came second last year amid lacklustre global economic performance, according to the UN Conference on Trade and Development. Simon Galpin, director general of government agency Invest HK, said it was "encouraging" to see the city rank second in global foreign direct investment flows. He said foreign investors used HK as a base to then invest in the rest of China and the region.

Slowing mainland Chinese visitor growth rate adds to 2.3pc drop in HK retail sales: A continuing decline in retail sales and sluggish tourist arrivals could drag down economic growth and push up the jobless rate, Financial Secretary John Tsang warned. "If inbound tourism and retail sales continue to be weak, it could drag on HK's economic growth and create pressure on the unemployment rate," Tsang said, adding that the jobless rate in the retail and hotel sectors had risen by half a percentage point year-on-year. On the second half, Tsang said uncertainty and a downward risk in the global economy might have an impact on the city.

HK consumer confidence rises as 'political reform failure has no effect on retail': HK consumers are feeling good about the economy and are set to embark on more shopping, according to a consumer confidence index. Economists say the monthly ANZ-Roy Morgan HK Consumer Confidence shows the local economy is doing well and the rejection of the government's political reform proposal on June 18 had not hurt consumer sentiment. Tourism, on the other hand, is not doing so well.

HK will continue to shine even if Chinese cities rise in international status - US official: HK will continue to shine as "a great city" in the generations to come even if economic and legal reforms on the mainland help other Chinese cities ascend in international status, Stefan Selig, United States undersecretary of commerce for international trade has told HK journalists in Chicago. The undersecretary declined to comment on whether US investors were worried about failed political reform hurting the business environment in HK. He described US trade ties with the city as "boundless and extraordinarily strong". US exports to HK reached record levels in 2013.

HK second most expensive city in the world for expats, survey says: HK is the second most expensive city in the world for expatriates to live in, according to a survey conducted by global consulting firm Mercer. In HK's case, Mercer said the city is very expensive because the HK dollar is pegged to the US dollar, which has risen in value recently. Zürich, Geneva and Bern ranked 3rd, 5th and 9th respectively.

Domestic politics:

June 4 vigil organisers agree on need for new direction for annual HK ceremony: Veterans of the HK Alliance in Support of Patriotic Democratic Movements of China, which organises the annual candlelight vigil marking the anniversary of the crackdown against the 1989 pro-democracy movement, agree the group needs to be reformed after the turnout this year hit its lowest level since 2008. While the alliance's secretary, Lee Cheuk-yan, said the 26-year-old group should try harder to link the ceremony with Hongkongers' pursuit of democracy in the city, another founding member, the Reverend Chu Yiu-ming, admitted that the younger generation might not now share the beliefs held by the organisers. The pair's remarks came amid a fall in the turnout for the vigil - from 180,000 last year to 135,000 people this year.

Bomb plot rattles nerves across HK, but lawmakers play down threat from National Independent Party: Politicians across the board expressed concern on June 15 about the arrests of activists over the alleged bomb plot, as pan-democrats distanced themselves from the pro-independence group involved and joined pro-establishment lawmakers in condemning violence. News of the plot prompted some to ask aloud if the polarising debate on political reform had taken another troubling turn with potentially damaging consequences for HK's reputation. Yet others said the arrests showed HK authorities had acted swiftly and that the city remained safe. The low profile and seemingly disorganised nature of the National Independent Party - with which at least one of those arrested was affiliated, according to a police source - raised questions among pan-democrats about how much of a threat it posed. Labour Party lawmaker Cyd Ho urged residents not to be too worried. "It is just a naive plot ... by some disorganised people..." Ho said.

10 activists held in 'plot to detonate bombs' as HK debates reform bill: Police arrested 10 people on June 15 after discovering powerful explosives the suspects were allegedly plotting to set off to cause mayhem and bloodshed during Legislative Council debate on electoral reform. Some of the 10 Hongkongers are believed to be core members of a local radical group, the "National Independent Party", which was reportedly formed in January. All of the suspects were arrested on suspicion of conspiracy to manufacture explosives, an offence that carries a maximum penalty of 20 years in prison.

HK reform package rejected as pro-Beijing camp walk out in 'miscommunication': HK's legislature blocked the government's electoral reform plan as a historic showdown between pan-democrats and Beijing loyalists became a farce when the latter camp's bungled walkout meant that only eight lawmakers voted for the plan on June 18. There was utter confusion among the government's allies when 31 of them left the chamber in the mistaken belief the ballot would be adjourned while they waited for rural kingpin Lau Wong-fat, who was stuck in traffic on his way to cast his vote. All 27 pan-democratic lawmakers kept their vow to vote no, and pro-establishment medical sector representative Dr Leung Ka-lau added a 28th vote. That would have been enough to deny the proposal the two-thirds majority it needed. But the pro-establishment camp's plan to blame pan-democrats for the failure of reform was severely undermined, as the walkout left just eight yes votes and a clear majority against the package. A mainland official handling HK affairs said the central government was surprised by the walkout. "What happened eventually was quite embarrassing," the official said. "On the face of it, the voting results didn't look so good but all people know well the reasons for the rejection of the reform package." Chief Executive Leung Chun-ying tried to play down the gaffe, insisting that his allies in Legco had been consistently clear about their support for the reform package. He blamed those who voted no instead.

Fallout from implosion of HK's reform package continues: The implosion of HK's pro-establishment political forces could lead Beijing to take a more interventionist line on the city, a top adviser on Beijing's ties with the special administrative region has predicted. The warning, from Professor Lau Siu-kai, vice-chairman of the National Association of Study on HK and Macau, follows June 18's drama, when the Beijing-loyalist members of the Legislative Council staged a bungled walk-out during the vote on the constitutional reform, which exposed incompetence and disunity in the camp and led to a 28-8 defeat for the government. Lau believed Beijing was angry and disappointed at the ballot, but did not think it would punish the legislators. "They are incompetent, not disloyal. The central government still needs their support in HK."

Tearful Ronny Tong quits as legislator hours after resigning from Civic Party amid rift in HK's pan-democratic camp: Moderate pan-democrat Ronny Tong sent shockwaves across HK's political spectrum on June 22, giving up his directly elected seat in the Legislative Council as well as quitting the party he co-founded nine years ago. The lawmaker's departure from the Civic Party had long been expected because of his more compromising approach to political reform, but his decision to quit Legco came as a shock, exposing how wide the rift within the city's pan-democratic camp has become. Tong has been seen as a pragmatist for eschewing confrontation with Beijing in favour of a middle-of-the-road approach to democratic reform that often put him at odds with colleagues.

Stop leaking WhatsApp messages, Beijing's top official in HK tells whistle-blower: Pro-establishment lawmakers are under pressure to salvage their shattered unity after Beijing's top representative in HK Zhang Xiaoming called on the culprit who leaked WhatsApp messages to stop the exposés, which have ruined trust in the camp. The whistle-blower who betrayed chat messages circulated among the camp during June 18's historic electoral reform vote. Zhang was meeting 40 Beijing loyalists for the first time since they bungled the legislative vote. The camp's walkout, seconds before the vote on the government's reform plan for the 2017 chief executive election, led to a historic defeat, with only eight votes in favour and 28 against, causing Beijing embarrassment.

HK legislature president Jasper Tsang apologises over WhatsApp message scandal: Legislative Council president Jasper Tsang has said he was sorry to have led the pan-democrats and the public to question his impartiality in his handling of the June 18 meeting at which lawmakers voted down the government's electoral reform package. His remarks came after messages from a WhatsApp chat group established by pro-establishment lawmakers showed Tsang joining a discussion of strategy during the meeting. He insisted that he had handled the meetings on June 17 and 18, when lawmakers debated and voted on the reform package, strictly according to Legco rules and procedures, and that he had not been unfair to any lawmakers.

Relations HK - Mainland China

Bid for compromise on HK electoral reform package fails, pan-democrats warned on 'loyalty': How lawmakers vote on the reform package for the 2017 chief executive election will show who is loyal to "one country, two systems", and pan-democrats will face dire consequences should they vote down the blueprint, top mainland officials overseeing Hong Kong affairs warned on May 31. Refusing to offer any concessions over the government's package, Basic Law Committee chairman Li Fei made it clear that Beijing's framework for electoral reform, which pan-democrats say would in effect rule out candidates of differing political backgrounds, would stay for good even if it were blocked this time. He made the remarks after a four-hour meeting with lawmakers that was regarded as a last-ditch bid to reach an agreement on reform ahead of the legislature's vote in June. The talks proved fruitless, as pro-democracy lawmakers said at the end of the meeting that they would stick to their guns and vote against the package.

'It is not what we like to see' – China's government reacts to HK's rejection of political reform plan: Beijing says it remains committed to universal suffrage in HK, despite June 19's rejection of a political reform plan by the city's legislature. A proposal that would have allowed Hongkongers to elect their leader in 2017 – but only under a strict framework set by Beijing – was voted down by 28 votes to 8 in the Legislative Council. A spokesman for the State Council's HK and Macau Affairs Office said: "Such a result is a departure from the mainstream public opinion of HK. It is also not what the central government likes to see." Separately, a spokesman for the central government's liaison office expressed disappointment at the vote result. Meanwhile the Standing Committee of the National People's Congress – the body which set the strict framework for reform that pan-democrats decried as "fake universal suffrage" – issued a statement standing by its ruling.

Forget political reform and move on, top Beijing official tells Hongkongers: Beijing's top representative in Hong Kong has vowed to "shut up" on political reform from now on, calling on Hongkongers instead to focus on

economic and livelihood issues after the reform debate. Zhang Xiaoming, director of the central government's liaison office, is hoping to call a halt to a debate on the issue he has frequently commented on in the hope Hong Kong society can move on. Zhang said lawmakers who blocked the proposal would go down in history as having to shoulder the responsibility for the failed reform.

Legal affairs and human rights

No need for HK to adopt national security law, says justice secretary Rimsky Yuen: The justice secretary says there is "no need" to introduce the mainland bill on national security to HK, as the Basic Law lays down more specific obligations for the city. Rimsky Yuen said there was legally no reason to forgo Article 23 of the mini-constitution in devising a local version of national security laws that have remained off the statute book after legislation work halted amid mass protests 12 years ago. Article 23 of the Basic Law requires the government to draw up its own national security law prohibiting seven acts including "treason, secession, sedition, or subversion".

HK government 'likely to be primary user' of proposed 'sorry law': Administrative or medical blunders are expected to be settled quicker under a government proposal to introduce a "sorry law" that seeks to separate an apology from legal liability. Under the proposed apology legislation, a court cannot admit an apology as evidence even if the apology includes an admission of fault or liability. The government would be covered by the law, as well as private parties. Similar apology laws exist in countries including the United States, Britain and Australia.

HK's ICAC steps up cooperation with mainland Chinese anti-graft counterparts: HK's anti-graft agency is cementing greater ties with the mainland as Beijing continues its unprecedented crackdown on corruption. Latest figures on cross-border cooperation involving the Independent Commission Against Corruption and its mainland counterparts reveal a steady rise in investigations by agents on each other's patch. Investigators from the mainland also visited HK 16 times last year. The growing cooperation comes as President Xi Jinping's anti-corruption drive - in the shape of operations Skynet and Foxhunt - continues apace.

US human rights study confuses the issues: As the US government released its annual Country Reports on Human Rights Practices that looked into global rights last year, one section on HK pinpointed problems regarding restricted electoral rights, threats to academic freedom and media self-censorship. The report noted that the committee that elected the chief executive and the "small circle" elections for Legco functional constituency seats were both dominated by the pro-establishment camp. In response to the US report, the HK government said: "We reiterate that constitutional development is entirely an internal affair of our country, including the HKSAR. Foreign governments should respect this principle and should not interfere."

Health

Travel warning stays for now despite eased Mers fear in South Korea: The travel warning against South Korea is likely to stay in place for at least a month even though the outbreak of Middle East respiratory syndrome (Mers) appears to be receding, HK's health minister Dr Ko Wing-man said on June 20. Ko said the government would consider reducing the level of the warning if no infections were reported in one to two incubation periods of 14 days each. On June 8, authorities raised the city's response level to "serious" while also issuing a health advisory against travel to South Korea. On June 9, the city issued a red travel alert, a more formal warning against non-essential journeys that made it easier to claim compensation for cancelled trips.

Health laws in HK 'need tighter regulation' following woman's electrotherapy death: The government will table legislation on how to regulate medical devices in the city, after a woman died while receiving electrotherapy at a treatment centre, said the health minister. Under the ordinance, premises used for treatment should either be operated exclusively by registered medical practitioners, or have a clinic licence issued by the Department of Health. This incident, however, has exposed a regulatory loophole in the ordinance, which did not outlaw procedures or devices that claim to be used for health or beauty treatments rather than a medical purpose, said Dr Leung Ka-lau, lawmaker for the sector.

Rotting frozen meat from the 1970s smuggled through HK into China: China's customs has named HK as a transit point for frozen meat smuggled into the mainland, having netted more than 3 billion yuan (HK\$3.8 billion) worth of illegal frozen chicken, beef and pork - some of it up to four decades old. The origin of the frozen meat was not disclosed, but some of it had been stamped with packing dates as far back as the 1970s. According to HK's Centre of Food Safety, edible products imported for consumption are subject to surveillance, but it does not usually conduct tests on food being exported or re-exported. The practice was in accordance with international standards, said a government source.

Environment

Greenpeace floats reward scheme to encourage firms to cut electricity use: Greenpeace has proposed the two power companies set big customers annual energy reduction targets of 1 per cent a year, enforced by a "reward-penalty" mechanism that would generate a fund all electricity users could draw on to improve efficiency. The environmental group said the scheme would enhance the government agreements which set the terms for CLP Power and HK Electric to operate. A spokeswoman for the Environment Bureau said all proposals to improve the scheme of control agreements were welcome. "We will consolidate the views received during the public consultation and consider the way forward upon completion of the exercise," she said.

HK greenhouse gas emissions rise for second year in a row: The city's total greenhouse gas emissions rose for the second year in a row in 2012, amounting to some 43 million tonnes of carbon dioxide, new government figures show. Hongkongers produced about six tonnes per person, about the same as the year before but up from 2010, according to the Environmental Protection Department's latest greenhouse gas emissions inventory.

Greenhouse gases, such as carbon dioxide and methane, absorb infrared radiation and trap heat in the earth's atmosphere, which leads to global warming.

Culture and education

Unison calls for HK government to provide more support to non-Chinese-speaking parents choosing schools: Advocates of ethnic-minority rights have slammed the government for providing little support to non-Chinese-speaking parents when they select schools and minimal back-up for pupils in local Chinese schools who do not speak Cantonese. A concern group, Unison, criticised the Education Bureau's explanation of de facto racial segregation in schools - that parents intentionally put their children into schools with mostly ethnic-minority pupils. It argued that a lack of information and choice pushed them to these schools.

International and private schools in HK seek to raise fees by up to 30pc: HK parents are set to see school fees soar, with the majority of international and local private schools seeking permission to increase rates - in some cases by as much as 30 per cent. Some 46 international primary and secondary schools - 90 per cent of all international schools - had applied to the Education Bureau to raise fees for the new academic year starting in September.

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