

### Economy + Finance

**Fund sale scheme in HK and China gets off to promising start:** Fourteen mainland Chinese funds have applied to be sold in HK while 11 international funds are seeking to sell in the mainland after the 600 yuan cross border fund scheme kicked off on July 1. Under the cross border fund scheme, some 100 HK domiciled funds that have been in the city for more than a year are qualified to be sold in the mainland, while 850 mainland funds could be sold in HK subject to regulator approval. Beijing set the quota for the scheme at 600 billion yuan, divided equally into 300 billion yuan for each side.

**HK GDP forecast downgraded to 2pc on back of falling external demand:** The University of HK has downgraded its estimate for the city's economic growth to 2 per cent in the second quarter of this year from 2.4 per cent previously because of poor external demand and economic turmoil overseas. The Apec studies programme of the HK Institute of Economics and Business Strategy at the university also blamed the city's possible slower growth on the long-lasting effects of a stronger US dollar, to which the HK dollar is pegged. With the uncertainty of mainland China's slowdown, the delayed resolution of Greece's debt crisis and the uncertain timing of a much talked about rise in interest rates in the United States, HK's economy is expected to grow moderately this year, the university said.

**HK's exports fall 3.1pc year on year as downward slide continues:** The city's total exports of goods decreased 3.1 per cent year-on-year to HK\$299.5 billion in June, after a year-on-year fall of 4.6 per cent in May. For the first half as a whole, the value of total exports of goods rose 0.1 per cent year-on-year, the Census and Statistics Department said. The Hong Kong government blamed the lacklustre performance of the export sector on the unsteady external environment, adding that the unresolved debt problem in Greece and geopolitical tensions in various regions would continue to constrain the city's export performance in the near term.

**Asian Infrastructure Investment Bank will use HK to develop bonds, says John Tsang:** The China-led Asian Infrastructure Investment Bank (AIIB) intends to make use of HK as a bond-issuing platform, Financial Secretary John Tsang says. He said HK had an edge over other places because of its sound financial system and experience in developing Islamic bonds, Xinhua reported. He told Xinhua the "One Belt, One Road" initiative was an opportunity HK could not afford to miss because it would drive the city's economy in the next 30 to 50 years. "One Belt, One Road" is a development strategy initiated by President Xi Jinping in 2013. It refers to the New Silk Road Economic Belt, which will link China with Europe through central and western Asia, and the 21st century Maritime Silk Road, connecting China with Southeast Asia, Africa and Europe.

**China's 'one belt, one road' initiative best led by markets, urges HK finance chief:** Governments taking part in China's multinational "one belt, one road" development strategy should let markets decide on the most efficient way to allocate resources, Financial Secretary John Tsang said. Tsang's remarks came after the central government stepped in to stabilise the stock market, a move criticised as a departure from market liberalisation. Tsang said it was important for participants to abide by market rules. He added that HK, with its well-recognised and robust legal system, would be an ideal centre for resolving potential commercial disputes arising from collaborations among clients in different countries.

**HK companies 'slash plans to hire staff amid euro zone crisis and China volatility':** International recruitment agency Hudson polled 274 local companies last month. It found 25.5 per cent are looking to increase headcounts later this year, down from 52.1 per cent in a poll conducted at the beginning of this year. "There are various challenges economically. External factors like the euro zone crisis with Greece as well as what has been happening in the Chinese economy. It affects the sentiment with regards to what the economy may look like," said Siddharth Suhas, Hudson's director of HK and Guangzhou.

**Salaries of HK's university graduates dropped 20 per cent in last 20 years, study finds:** The median monthly income of fresh university graduates has dropped by almost 20 per cent in the last 20 years. "One reason is that the number of university places has increased a lot over the years," said Chan Wai-keung, a council member of New Forum. According to a report by New Forum and New Youth Forum, only 10.6 per cent of young people in 1993 obtained a university degree. That figure has since risen, to 47 per cent in 2013. Chan said the government should focus on providing more opportunities in vocational education as HK was in huge need of talent in many such professions, including the construction industry.

### Domestic politics:

**Protest fatigue and lack of clear goal blamed for slump in HK July 1 rally turnout:** The turnout for the July 1 rally for democracy plunged to the lowest since 2008, with observers and marchers blaming protest fatigue and the lack of an obvious goal after the rejection of the government's electoral reform package. The Civil Human Rights Front, the organiser of the annual pro-democracy march, put the turnout at 48,000, compared with last year's 510,000.

**Removal of Tsang Tak-sing from HK government is a sign that leftists are out in the cold:** Chief Executive Leung Chun-ying executed his biggest cabinet reshuffle by replacing two ministers. The sudden departure of Tsang Tak-sing - jailed for two years for distributing "inflammatory leaflets" in the 1967 riots - from his post as home affairs secretary was particularly stunning as his loyalty to Beijing is beyond doubt. A person familiar with the sudden shake-up said Beijing and Leung were unhappy with the performance of the left-leaning journalist-

turned-minister, adding that he was not proactive enough on youth work. It is a factor Beijing officials blame for leading to last year's Occupy protests. Paul Tang, who quit as civil service minister on July 21, was described as "too laid back" as head of the government workforce to ensure a harmonious relationship between the administration and civil servants' unions. A veteran leftist who spoke on condition of anonymity said Leung's decision to replace Tsang would spark resentment among some people in the traditional leftist camp.

**HK's main pro-Beijing party meets Zhang Dejiang and is given mission - win two-thirds of Legco seats:** Beijing handed a tough mission to leaders of the Democratic Alliance for the Betterment and Progress of HK DAB - gain wider recognition in the city and work with your allies to win two-thirds of Legco seats in next year's election. It is understood National People's Congress chairman Zhang Dejiang also urged the DAB to back Chief Executive Leung Chun-ying.

**DAB leader Starry Lee urges CY Leung to pay attention to ministers' morale after HK cabinet reshuffle:** Chief Executive Leung Chun-ying's governance could be hampered if ministers were "frightened and lost their peace of mind" following the replacement of two cabinet members, Starry Lee, chairwoman of the Democratic Alliance for the Betterment and Progress of HK DAB warned. She also said that central government officials' recent "acknowledgement" of Leung's work should not be interpreted to mean Beijing was supporting his re-election. It was still too early for Beijing to comment on the issue, she added.

**57pc of Hongkongers 'do not want' Leung Chun-ying re-elected, poll finds:** More than half of Hongkongers do not want Leung Chun-ying to return for five more years as chief executive, according to a poll conducted by Professor Paul Lee of Chinese University's school of journalism and communication. The findings indicate that Leung, who has dropped strong hints he will seek another term, faces a huge task ahead to woo the public in the last two years of his current term. Wang Guangya, director of the HK and Macau Affairs Office, was non-committal when asked if Beijing was in favour of Leung running for re-election. "The younger and the more educated the interviewees were, the more they were against Leung," Lee said.

**HK pan-democrats call on government to help arrange Beijing talks:** Pan-democrats agreed there was a need to communicate with Beijing during their first meeting since the government's reform plan for the 2017 chief executive election was voted down last month. That was the clear consensus reached by the informal grouping of 23 out of 27 pan-democratic lawmakers. While Civic Party leader Alan Leong said it was crucial for Beijing to have an accurate assessment of the city's affairs through direct engagement with pan-democrats, Democratic Party chairwoman Emily Lau further argued that the local government had a responsibility to offer assistance in making such dialogues happen.

### International relations

**UK minister Hugo Swire meets with CY Leung, six months after HK chief snubbed talks:** Britain's minister responsible for HK affairs, Hugo Swire, met Chief Executive Leung Chun-ying, six months after Leung snubbed him during a visit to the city for discussions on political reform. He said the meeting had been constructive. Swire also met with Democratic Party chairwoman Emily Lau. In January, Swire was denied meetings with Leung, in a protocol breach that angered the British diplomats. The snub came amid strained relations after British members of Parliament were denied entry by Beijing to probe political developments in the city.

### Legal affairs and human rights

**United States criticises HK in annual report on global human trafficking:** The United States has ranked HK's efforts to stamp out human trafficking on a par with those in Ethiopia and Iraq, identifying the city again as "a destination, transit, and source territory for men, women and children subjected to sex trafficking and forced labour". Washington's latest report on the issue also criticised the city for not having laws that "specifically prohibit all forms of trafficking". The government issued a statement, insisting there was "no sign or evidence" that HK had become a human trafficking hub. It said the report did not "fully reflect the unfailing commitment and continuous efforts" by local authorities to combat the problem.

**CY Leung has 'no plan' for security law for HK as China enacts new national legislation:** As Beijing passed a sweeping new national security law, Chief Executive Leung Chun-ying was quick to assure Hongkongers that it would not apply to the SAR, and that the government had no plans to enact the controversial Article 23 of the Basic Law. But Leung said the city did have a responsibility to help ensure national security, which it should do by local legislation.

**New HK privacy chief vows to balance flow of information:** The newly-appointed privacy commissioner Stephen Wong has vowed to strike a balance between privacy protection and the free flow of information. Wong stressed that it was important to protect the privacy of every individual as well as the free flow of information - which was a core value of HK. He hoped that through education, Hongkongers could take "control" of their own data - meaning they could decide whether to give it out or not - and to understand the consequences of passing it to third parties.

### Health

**Water in all 170 Hong Kong public housing estates to be tested for lead amid contamination scare:** Tap water in all 170 public housing estates in Hong Kong is to be tested for lead to tackle a spreading contamination scare and reassure worried residents. As part of the unprecedented health safety sweep, the government announced that filters to remove lead would also be installed in households in the three estates where excessive levels of the potentially harmful heavy metal were first discovered in water samples. The process is expected to take two months.

**More HK public housing residents found with high levels of lead in blood:** Secretary for Food and Health Dr Ko Wing-man said the ratio of people from the estate found to have excessive levels of lead in their blood surpassed the city average of 2 per cent. He admitted that it implied "drinking contaminated water may have played its part". Democratic Party community officer Wong Ching-fung urged the government to help arrange a more extensive scale of blood tests for the residents of the estate.

**HK moves to block repeat of 'gutter oil' scandal with new legislation:** All imported and locally produced edible fat and oil will face tougher controls under a statutory safety system proposed on July 7 to prevent another Taiwan-style "gutter oil" scandal. Currently, there is no law regulating the quality of such items being brought in and exported from the city. The new regulation would stipulate the maximum tolerable amount of harmful substances allowed in edible fats and oils, Secretary for Food and Health Dr Ko Wing-man said. Announcing a three-month public consultation on the proposals, Ko said he believed that legislation could be drafted by next year.

**Health minister apologises as serious medical blunder affects nearly 10,000 patients at Tuen Mun Hospital:** Nearly 10,000 people aged 60 or older had their liver test results wrongly interpreted in a stunning medical blunder at Tuen Mun Hospital involving a machine calibration mix-up that went undetected for two years. The patients' enzyme readings were based wrongly on normal levels for the opposite sex. The hospital's administration and health minister Dr Ko Wing-man apologised to patients on July 21, with Ko expressing "deep concern" over the blunder. An investigation panel will review the blunder and make recommendations.

**Sixth patient infected by deadly fungus in HK hospital:** A 72-year-old woman is the sixth patient to be infected with mucormycosis at the public hospital since June. Two patient deaths have been linked to the infection. The Hospital Authority has set up a panel to investigate the fungal outbreak. Microbiologist Dr Ho Pak-leung said the fungus did not cause much harm to healthy people but could cause serious or even fatal infections in vulnerable groups, such as bone marrow transplant patients or those receiving long-term steroid treatment.

### Environment

**Kwai Chung and nearby container port get less sulphur pollution after start of fuel law:** Sulphur pollution around Kwai Chung and the city's main container port has fallen markedly in the first week of this month, soon after the start of new laws on July 1 requiring ships to use cleaner fuel, a green group says. It attributed the cleaner air to the new rule that forced ocean-going vessels, from tugboats to container ships, to switch to marine fuel of just 0.5 per cent sulphur when berthing in the city. This is lower than the international cap of 3.5 per cent. In return, shipowners save half of their berthing fees through subsidies from the government. It is Asia's first mandatory fuel switch regulation.

**First electric buses will be on HK's roads by end of year as city tries to reduce pollution:** HK commuters can expect to ride more on electric buses from later this year. Bus operators ordered five such zero-emission buses last August using government funding. In HK, vehicle emissions are the major source of roadside air pollution. To promote the use of electric vehicles in HK, the first registration tax for electric cars is being waived until March 2017.

### Culture and education

**HKU struggles to contain fallout over delayed appointment of Johannes Chan as pro-vice-chancellor:** As Hong Kong's top university struggles to contain the political fallout over a controversially delayed managerial appointment, it is fast turning into a new battle ground for students and pro-democracy activists to continue where they left off after last year's Occupy protests and the failure of the government to pass its electoral reform package for the 2017 chief executive poll. The controversy took on shades of the Occupy unrest on July 28, when students stormed a meeting of the University of Hong Kong's governing body after it decided again to defer the appointment of liberal scholar Johannes Chan Man-mun as a pro-vice-chancellor. While protesting students, alumni and pro-democracy figures have accused Chief Executive Leung Chun-ying and his allies of political interference in opposing Chan's appointment, pro-government council members say it is merely an administrative process and the post of provost has to be filled first.

**Culture won't take second place to hardware, vows new HK arts hub chief Duncan Pescod:** Duncan Pescod, the new chief executive of the West Kowloon Cultural District, vowed to ensure that development of the arts hub is not reduced to finishing a mere infrastructure project. He pledged not to let hardware development overshadow its cultural side. "It is an arts project. It is a cultural project. The development side is to facilitate the arts and culture.....," he said.

**HK Museum of Art set to close for HK\$930m expansion to meet growing demand:** The HK Museum of Art will close next month for a HK\$930 million renovation that will give it about 40 per cent more exhibition space when it opens four years later. The upgrade was needed because the museum was built 24 years ago and failed to cater to modern exhibition needs, said Chan Shing-wai, assistant director of leisure and cultural services (heritage and museums).

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