

Economy + Finance

Leading economic indicator shows HK private sector down ninth month in a row: The Nikkei Purchasing Managers' Index fell to 46.4 in December from 46.6 in November, down for the ninth month in a row. Any reading below 50 would mean economic contraction. The retreat was mainly caused by weaker consumer demand in mainland China. The latest PMI figure added to a gloomy outlook for the city, whose retail sales dropped 7.8 per cent in November.

HK exports record first annual drop since 2009: The city's exports last year posted their first annual drop since 2009, reflecting subdued regional production and trading activity amid sluggish global demand. For 2015 as a whole, the value of the city's goods exports declined 1.8 per cent from 2014. The government warned that the foreign trading environment remained challenging. Hang Seng Bank acting chief economist Thomas Shik said slowing global growth had dampened demand for exports. But he played down the possibility of a continued slump, saying central banks across the world were poised to inject fresh stimuli into their economies.

Tax rises 'unavoidable' if everyone over 60 gets a pension, warns HK treasury chief: A universal retirement protection proposal that would benefit every elderly person is not financial feasible and would add pressure to the government's budget, making tax increases unavoidable, said Professor Chan Ka-keung, Secretary for Financial Services and the Treasury. "But the increase of taxes will hurt HK's competitiveness, affects economic growth, and enterprises and talents may become hesitant [to come to HK] to invest and work ... So, we must be careful," he warned. Chan's remarks came as the government began to consult the public for six months on two retirement protection options unveiled last year by Chief Secretary Carrie Lam.

It's time to comply, HK commerce minister tells city's renegade tour operators' groups: Secretary for Commerce and Economic Development Greg So hit out at tour operators for launching a non-compliance campaign against new measures aimed at better protecting visitors' rights. The commerce minister was responding to two tour operators' groups that had refused to join a refund protection scheme and comply with stricter rules implemented by the Travel Industry Council on January 1.

HK to see flat growth in mainland China tourist numbers for next five years: The growth in mainland tourists to HK will continue to slow over the next five years to only 3 per cent annually while arrivals in rivals like Japan and South Korea expand at five times the rate, analysts predict. A lack of new attractions in the city, more regional competition and capacity constraints would deter visitors, research by brokerage and investment firm CLSA showed. The weakening yuan and strong HK dollar would further dampen the situation.

Disneyland expansion part of massive Lantau land reclamation project to house 700,000 more by 2030: Dozens of hectares of reclaimed seabed, man-made islands and more highways and railroads to link with the urban areas are all part of a package of ambitious proposals seeking to turn the tranquil island of Lantau into HK's new commercial hub, as well as a tourist haven. The ideas were contained in the first-term report of the government-appointed Lantau Development Advisory Committee. The waters off eastern Lantau will see massive reclamation to develop HK's newest core business district and a new town housing up to 700,000 people. It will also become a major source of land supply for HK's development beyond 2030.

HK banking on a big role in financing China's One Belt, One Road plan linking Asia to Europe and the Middle East: HK's biggest banks and private equity players are moving fast to position their strategies to capture infrastructure financing opportunities that will emerge under China's 'Belt and Road' initiative that is estimated to create a US\$8.5 trillion market in the coming decade. "HK will have an important role to play – not just as an intermediary," said Laura Cha, chairwoman of the Financial Services Development Council, which expects the initiative to generate US\$780 billion of transactions a year. HK is already the largest foreign direct investment provider for China. Because of its other roles as a centre for equity finance, offshore yuan, risk management and trade settlement, the city aspires to play a "super-connector" role in the "Belt and Road" region that covers two-fifths of the world's land mass and is host to some 60 per cent of the world's population.

HK most expensive housing market in the world for the sixth year in a row: HK has ranked as the least affordable city to buy a home globally, with average flat prices at 19 times gross annual median income, the highest ever measured in the US-based Demographia's survey in the past 11 years. For the sixth straight year, HK was crowned as the most unaffordable housing market in the world, according to a survey of 367 cities by the annual Demographia International Housing Affordability Survey.

Domestic politics:

HK chief executive sidelines politics to ride on China's One Belt, One Road economic strategy in policy address: Chief Executive Leung Chun-ying steered clear of thorny political issues in his policy address, focusing

on economic development instead as he announced ambitious plans to place HK at the centre of Beijing's One Belt, One Road initiative. The chief executive also committed HK\$4.5 billion to various projects aimed at boosting the development of innovation and technology. This policy speech is seen as make or break for Leung, as this is his last chance to execute a full year of initiatives before his term ends in June next year. Critics pointed out that he had yet to deliver on earlier policy promises.

HK protest march urges CY Leung's resignation and end to city's 'white elephant' projects: Forty-five grassroots groups marched on Jan. 1, demanding the government scrap 'white elephant' projects and use the money for a universal retirement protection scheme instead. Demonstration spokesman James Hon said the government had wasted too much money on white elephant projects that would not benefit everyday Hongkongers while it rejected a universal retirement protection scheme proposal. This was why the groups demanded that Chief Executive Leung Chun-ying step down, he said.

The copyright impasse: Legislative Council president Jasper Tsang says it is "unreasonable" to set a deadline for the debate over the contentious copyright bill at this stage, despite pressure from Chief Secretary Carrie Lam to speed up the council's proceedings. At the centre of the dispute is the Copyright (Amendment) Bill 2014, which is supported by -copyright owners but opposed by -internet users and pan-democrats, who want broader exemptions for fear it will be used to suppress online freedom. Pan-democrats, in the Legco minority, have used different filibustering tactics to delay the passage of the bill since December, such as continuous quorum calls.

Outrage, anger as debate blocked and Legco agrees to pay extra HK\$5.4b on HK-Zhuhai-Macau bridge: A massive HK\$5.4 billion in extra funding for the controversial project to build a bridge linking HK, Macau and Zhuhai was approved after a stormy meeting of the Legislative Council's Finance Committee. Pro-government committee chairman Chan Kin-por blocked pan-democrat filibustering by cutting the time for questions, leading to accusations that he had acted in an "arbitrary" manner.

Relations HK - Mainland China

Top Beijing official in charge of HK affairs cites development and harmony as priorities for city and Macau: A top Beijing official in charge of HK affairs has identified promoting harmony and pursuing development as the key tasks for the city and Macau. Wang Guangya, director of the HK and Macau Affairs Office, said he firmly believed the two special administrative regions would continue to make a unique and crucial contribution to the country's development. Wang said the established city management system in HK and Macau could serve as reference for improving the relevant system in the country.

Legal affairs and human rights

HK bookseller disappearances

Background: By the end of 2015, five publishers in HK had gone missing — all linked to Mighty Current, which produces books critical of the Chinese Communist Party — in circumstances that have led to suspicion that mainland authorities were involved. Bookseller Lee Bo (who holds a British Passport) is the latest after four of his colleagues — Gui Minhai (who was born on the mainland but became a naturalised Swedish citizen), Cheung Ji-ping, Lui Po and Lam Wing-kei — all vanished separately in October last year. Gui disappeared while on holiday in Thailand in mid-October, and Cheung, Lui and Lam vanished later that month on the mainland. Concern was raised at the highest political level in HK as Chief Executive Leung Chun-ying saying it would be "unacceptable" and a violation of the Basic Law for the mainland to make an arrest in the Special Administrative Region, as is widely suspected in the disappearance of Lee Bo.

'Say no to political abduction! Don't be the next to disappear!': Thousands of people took to the streets of HK on Jan. 10 over the disappearances of five missing booksellers, demanding Beijing to uphold the 'One Country, Two Systems' principle. It is the second such protest in a week and indicates a growing unease in HK over allegations agents from mainland China may have abducted the booksellers and taken them back to China for questioning. The protesters were to march from the HK government headquarters in Tamar to the central government's liaison office. In response to the march, the HK government said it attached great importance to the missing booksellers' cases and fully understood the concerns of the community. The spokesman said as the police were still investigation the cases, speculation should not be made without a full grasp of the facts.

HK justice minister pledges 'full and thorough' probe into missing bookseller mystery: Unauthorised investigations and unlawful arrests will not be tolerated in HK, the city's justice minister Rimsky Yuen said in his first response to concerns that missing bookseller Lee Bo may might have been kidnapped by mainland agents. In his speech to mark the opening of the new legal year, he promised a full investigation, saying the concerns expressed in the community were "totally understandable" and should be properly addressed. But he held up the Basic Law as the protection that "firmly guarantees" Hongkongers the right to liberty and security. He also stressed that respect for fundamental human rights was an integral part of the rule of law.

HK Legco president urges Beijing to reassure 'one country, two systems' still intact in wake of missing bookseller case: Legislative Council president Jasper Tsang has urged the central government to send a clear message that nothing in violation of the "one country, two systems" principle has occurred concerning the disappearance of Hong Kong bookseller Lee Bo. He said many mainlanders, including officials, had ideas about

the rule of law and civil liberties that differed from Hongkongers. "That's why we have 'one country, two systems'," he said. "Our way of life is such that no one should disappear suddenly."

'First and foremost a Chinese citizen': China's foreign minister on missing HK bookseller who also holds British passport: The disappearance of Lee Bo took a diplomatic twist in Beijing when China's Foreign Minister, Wang Yi, described the missing HK bookseller as "first and foremost a Chinese citizen". Wang was responding to questions during a joint press conference with British Foreign Secretary, Philip Hammond, who is in the capital to sign business deals as the economic relationship between the two nations grows. Hammond expressed "deep concern" about the disappearance of 65-year-old Lee – who holds a British Passport – and called on the HK and mainland authorities to "urgently" ascertain his welfare and whereabouts. The United States said it was disturbed by reports of the missing HK booksellers and was closely following the case. "We share the concern of the people of HK regarding these disappearances," U.S. State Department spokesman John Kirby said in a regular news briefing on Jan. 8. Kirby said the United States had shared the concerns noted by Chief Executive Leung Chun-ying earlier about the potential political implications of the case.

Vanishing HK booksellers 'extremely worrying', says EU as scrutiny on mainland intensifies: The European Union has urged authorities in the mainland, HK and Thailand to investigate and clarify the mysterious disappearances of five HK booksellers. The EU said the continuing lack of information about the well-being and whereabouts of the booksellers was "extremely worrying". The EU statement said: "As Hong Kong Chief Executive Leung Chun-ying has stated, it would be a violation of the Basic Law if, as media allege, mainland law enforcement agencies had been operating in HK. This would be inconsistent with the 'one country, two systems' principle." It added that respect for freedom of expression underpins all free societies.

Wife of 'missing' HK bookseller Lee Po reunited with husband in 'secret' meeting in mainland China: Missing bookseller Lee Bo met his wife at a secret location on the mainland on Jan. 23, almost a month after he vanished mysteriously from HK. It sparked another controversy as mainland authorities were accused of sidelining the HK government, which was allegedly kept in the dark until Lee's wife, Sophie Choi, made a report to the police hours after their reunion. The unexplained disappearance of Lee Bo and four others associated with Causeway Bay Books over the past three months made headlines around the world as many feared they had been abducted by mainland agents, thereby compromising the principle of "one country, two systems" for HK. Gui appeared in a recorded interview broadcast by China Central Television on Jan. 17, in which he said he had surrendered out of guilt for killing a 23-year-old student while drink-driving in Ningbo, Zhejiang province, in 2004. Civic Party leader Alan Leong, a senior counsel, found it bizarre that Gui could have turned himself in at the mainland's liaison office in the city or even the foreign ministry here but instead chose to return via Thailand.

HK will observe obligations under global treaties, minister says, amid outcry over C.Y. Leung's comments on UN torture convention: Constitutional minister Raymond Tam has said HK will continue observing its obligations under international conventions, amid public outcry over an earlier remark by Chief Executive Leung Chun-ying that the government could withdraw from the United Nations convention on torture to stop any influx of "fake" refugees. But Tam said the government would review its policy handling non-refoulement claims by refugees. "That will mainly focus on shortening the screening procedures," he said.

Crime rates in HK last year at its lowest in 36 years despite claims Occupy Central spread lawlessness in community: Crime in HK last year fell to its lowest rate since 1979, despite earlier police claims that the Occupy Central movement had spread a sense of lawlessness among the community. The city's overall crime rate had declined for nine consecutive years and dropped 1.9 per cent in 2015 over the previous year to a 36-year low. Police reminded the public to stay alert to phone scams, which were up by almost 30 per cent to around 2,880 cases last year.

HK rated only 'partly free' in US study on rights and freedoms, behind Taiwan, South Korea and the Philippines: HK lagged behind its neighbours such as Taiwan, South Korea and the Philippines in terms of rights and freedoms enjoyed by individuals, an annual study by a US-based organisation said. The city is listed as a "partly free" territory, with an aggregate score of 63 out of 100 points in the Freedom in the World 2016 report by Freedom House. HK was given a rating of five out of seven for political rights, with one being the freest and seven being the least free. However, it scored a two for civil liberties.

Decision not to prosecute former HK anti-corruption boss sparks scepticism and call for fuller disclosure: The decision by the Department of Justice to not prosecute the former ICAC commissioner was the subject of much debate in the city, as the watchdog's former investigator Lam Cheuk-ting called for full disclosure of legal advice against prosecuting Timothy Tong, who was accused of excessive spending on official visits, gifts and meals during his five-year tenure between 2007 to 2012. The department rejected Lam's call for disclosure, saying it was generally inappropriate to release the full set of legal advice given to law enforcement agencies as the ICAC was covered by legal professional privilege. It said that HK's corruption situation remained stable and without any sign of deterioration, despite dropping a place to 18th in a ranking of least corrupt places among 168 countries and territories.

Health

HK's health authority braces for arrival of Zika virus; warn of mosquitoes spreading the disease: Health minister Dr Ko Wing-man said the authority is planning to make Zika virus a notifiable infectious disease – meaning any suspected case must be reported to the Department of Health. He advised pregnant women to consider deferring trips to areas with ongoing Zika virus transmission. He said travellers should seek medical advice before making any trip and avoid mosquito bites while there.

HK food labelling: voluntary approach proposed for controlling salt and sugar content: A voluntary system encouraging manufacturers to cut down on salt and sugar levels in pre-packaged food will be rolled out this year as the first step to help Hongkongers eat better, according to Bernard Chan, the chairman of a government-appointed working group. In the long term, the group will make suggestions on salt and sugar levels in food products, but Chan admitted such a move would be more complicated and controversial. The committee, however, would not advise the government to legislate for a mandatory standard or labelling, and all suggestions would be voluntary, Chan said.

HK health chief says 10-year plan will help public hospitals retain manpower: Laying out a 10-year overall hospital development plan would be useful to retain manpower in the public sector, the health minister Dr Ko Wing-man said. Chief Executive Leung Chun-ying announced plans to earmark HK\$200 billion to implement a 10-year plan, with measures including expansion or redevelopment of more than 10 hospitals, and provision of 5,000 extra beds and over 90 new operating theatres in public hospitals. He said the plan would also facilitate the manpower planning of the Hospital Authority in the long run.

Environment

HK suffers bigger rise in poisonous ozone pollution than industrial Guangdong: HK has seen a bigger rise in poisonous ozone pollution than industrial Guangdong – but pollutants from the mainland are not solely to blame, environmental campaigners say. Environmentalists from Clean Air Network have urged the government to take tougher action on air pollutants through transport planning measures. The rise in the number of vehicles on the roads over the past decade had contributed to the deteriorating air pollution in the city.

Culture and education

More than 3,000 march against Arthur Li's appointment as chairman of HKU governing council: Jan. 3 saw a large-scale protest against the appointment of former education minister Arthur Li to helm the governing body of the University of HK. The march was led by 20 organisations from various universities and concern groups, as they claimed it was a crisis that affected the whole city. Education sector lawmaker Ip Kin-yuen said an alliance comprising representatives from different universities would soon be formed to push for changes to prevent the chief executive from exerting political pressure on universities by appointing his allies to their governing bodies.

'We cannot condone mob rule': The University of HK's vice-chancellor has condemned as "mob rule" the siege of a governing council meeting on Jan. 26. Professor Peter Mathieson said the scenes would not bring credit to those involved and that HKU students "should be capable of better". He has offered to hand over videos of those involved to police. About 200 student protesters surrounded and besieged the council meeting. They were pressing for an immediate review of the school's governance structure and a face-to-face conversation with Professor Arthur Li, the newly-appointed council chairman. Li, a former education minister, is highly unpopular among the school's students and staff due to his hardline leadership style.

HK Institute of Education set to become city's eighth publicly-funded university: The HK Institute of Education is set to become the city's eighth publicly-funded university, after the Executive Council approved its university title and renamed it the Education University of HK. The institute's latest application for university status was submitted in July 2014 following a failed attempt in 2009 when the University Grants Committee (UGC) said it was not appropriate to grant such status to an institution focusing on a single discipline. Since then, the institute has been granted funds to run non-education courses in areas such as social sciences and languages.

Macau

Casino revenue figures confirm terrible year for Macau's biggest industry: Gaming revenue from the VIP market plunged by 39.9 per cent to MOP127.82 billion, compared to some MOP212.54 billion in 2014. The VIP market used to account for about 80 per cent of gambling revenue in Macau, but last year it contributed just 50 per cent. Macau has been severely hit by the effects of the mainland's economic slowdown and Beijing's anti-corruption crackdown, which scared many high-rollers away. The Macao government announced that casino gross gaming revenue slumped 34.3 per cent in 2015, contracting to MOP230.84 billion, which was the deepest loss since the industry's liberalisation in 2003.

Press articles related to Switzerland and Swiss matters

Swiss investigators conclude that US\$4 billion was misappropriated from Malaysian state firms (SCMP, Jan. 30): Switzerland's chief prosecutor said a criminal investigation into state fund 1Malaysia Development Berhad (1MDB) had revealed that about US\$4 billion appeared to have been misappropriated from Malaysian state companies. The office of Swiss Attorney General Michael Lauber said it had formally asked Malaysia to help with its probes into possible violations of Swiss laws related to bribery of foreign officials, misconduct in public

office, money laundering and criminal mismanagement at the fund. It said it had identified four cases of alleged criminal conduct. 1MDB, whose advisory board is chaired by Malaysian Prime Minister Najib Razak, has been probed by Malaysian authorities following accusations of financial mismanagement and graft. 1MDB is also under investigation by law enforcement agencies in HK and the United States, media and other sources have said.

612.0 - RRE/RAN/CSD/EFR/CHW/NHA/KUR

Disclaimer

This is a review of the Hong Kong media and does not necessarily represent the opinion of the Consulate General of Switzerland. The Consulate General of Switzerland in Hong Kong does not bear any responsibility for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which might be incomplete or incorrect, will therefore be rejected.