

### Economy + Finance

**HK Budget 2016-2017:** Financial Secretary John Tsang delivered his ninth budget speech against the backdrop of a slowing HK economy and growing tensions in society on Feb. 24. HK's economy grew by 2.4 per cent in 2015. Unemployment averaged 3.3 per cent in 2015 but a recent slowdown in sectors relating to inbound tourism was cause for concern. On the fiscal front, the Government has forecast a surplus of \$30 billion in 2015-16 and expects fiscal reserves of \$860 billion by March 31, 2016, equivalent to 24 months of government expenditure. He announced \$38.8 billion in relief measures to help business and residents weather looming lacklustre economic prospects and to stimulate consumption. He said HK should find its place in the new economic order. He cited robotics, healthy ageing and "smart city" as areas in which HK could apply and commercialise research and development results.

**Bleak outlook:** HK could slip into fiscal deficit within two years, the city's finance chief has warned, underlining the need for an economic strategy aimed at sustainable growth. The last time HK posted a deficit was in 2003-2004 when the economy was ravaged by the deadly SARS outbreak which claimed the lives of 299 people. A government source said: "A fiscal deficit will definitely emerge if we implement a retirement protection scheme and press ahead with health-care reforms." Despite the deficit threat, Tsang said HK's financial health remained solid. Fiscal reserves of HK\$855 billion are estimated for 2018-19, down 3.2 per cent from HK\$884 billion in 2017-18. The figure for 2016- 17 is HK\$870 billion.

**HK ranked world's freest economy for 22nd year running:** HK scored 88.6 out of 100 points in the annual index of economic freedom compiled by the Heritage Foundation, down by one point from last year, beating key rival Singapore by 0.8 points and relegating the island nation to second place. The Heritage Foundation also raised its concerns over Beijing's interference in the city's affairs, which could affect the city's rating in the future.

**HK, India agree to strengthen economic ties during Leung Chun-ying visit:** Chief Executive Leung Chun-ying sealed an agreement to strengthen economic ties with India on his first official trip to the country. Leung announced negotiations on an investment promotion and protection agreement in a bid to "strengthen" economic benefits. The city has signed 17 similar agreements with countries including Australia, Germany, Japan and Britain.

**Regulation and business development cited by HSBC as reasons for staying in London rather than moving to HK:** HSBC's Asia-Pacific chief Peter Wong says regulation and business development led the banking giant to decide against moving its headquarters back to HK, but it was still committed to the city. The decision was seen as a boost for London and led some Hong Kong lawmakers to express concern about the city's competitiveness. HK Monetary Authority chief executive Norman Chan played down the impact of the decision.

**HK's top officials accelerate drive to secure elusive funding for controversial rail link to mainland China:** Chief Secretary Carrie Lam appealed to pan-democratic lawmakers to end their filibuster currently blocking the HK\$19.6 billion in additional funds that the government is seeking for the 26-km express rail link to the mainland. The government is facing serious difficulty in securing the extra money since lawmakers originally backed the HK\$65 billion request in 2010. MTR Corporation chairman Frederick Ma estimated 7,000 jobs in the construction industry were at risk if lawmakers sank the project by blocking funding.

### Domestic politics:

**HK tense after Mong Kok mob violence:** HK was in shock after overnight rioting on Feb. 8 in the streets of Mong Kok prompted police to fire shots in the air and left scores injured. Hundreds of people were involved in the anarchy that turned Mong Kok into burning war zones as rampaging protesters fought pitched battles with outnumbered police and damaged public property on a scale of "organised" violence not seen even during the height of the 2014 Occupy Central campaign. The rioting, which started after protesters objected to the eviction of food hawkers on the first day of the Lunar New Year, "cannot be justified by any remarks expressing toleration", Chief Executive Leung Chun-ying said. Those arrested face serious charges, such as participating in a riot, which carries a maximum sentence of 10 years' imprisonment, police said. The authorities defended a traffic policeman who pointed his gun at a mob and fired two shots in the air as he and his colleagues faced a barrage of broken bottles, bricks ripped up from pavements, wooden poles and other missiles.

**Lawless, brutal, extreme – HK lawmakers condemn Mong Kok rioters:** Mong Kok mayhem was met with an outpouring of condemnation among parties across the political spectrum, although radical groups questioned police tactics. Lawmakers also rushed to draw lines in the sand, distancing themselves from the localist instigators as they condemned the night-long riots that left dozens injured, including participants, policemen and journalists. The government "strongly condemned" the protesters and Chief Executive Leung Chun-ying stood by the police tactics, saying the use of warning shots showed the force's "maximum restraint".

**Localist group in Mong Kok violence unlikely to make headway in HK political arena:** The Mong Kok riot has thrown the city's mushrooming localism movement into the spotlight once again, but observers doubt the groups can make significant headway in the political arena even though they succeeded in mobilising the crowds in clashes on Feb. 8. Localism has its roots in discontent at what Hongkongers see as the rising influence of the mainland on the city's autonomy. In the case of localist groups, Chung Kim-wah, director of Polytechnic University's centre for social policy studies, said they were unlikely to gain any significant advantage in the election because moderates from both the pro-establishment and the pan-democratic camps were likely to snub anyone they consider to be radical. But radical groups would likely continue to operate a kind of "city guerilla warfare", exploiting issues to mobilise street crowds.

**Pro-democracy candidate Alvin Yeung wins hotly contested Hong Kong by-election, while localist Edward Leung has credible showing with 15pc of vote:** Civic Party barrister and pan-democrat Alvin Yeung has won the hotly fought Legislative Council New Territories East by-election to retain the seat left vacant by Ronny Tong, who quit the party and the legislature last year. Out of some 434,000 ballots, Yeung won 160,880 votes. His arch-rival, Holden Chow from the Beijing-loyalist Democratic Alliance for the Betterment and Progress of HK, got 150,329 votes. Localist candidate Edward Leung, from HK Indigenous, received 66,524 votes. It is widely seen as a litmus test of public support for localist candidate Leung, an advocate of radical protests to pursue independence for the city.

**Thunderbolt plan:** Occupy Central co-founder Benny Tai has mapped out a "thunderbolt plan" for pan-democrats to grab half of the seats in this year's Legislative Council election, but it has met with reservations from politicians. The law professor called for pan-democrats to forge a united front in the September election. Democratic Party lawmaker Sin Chung-kai said Tai's idea would be "difficult to implement". He doubted the umbrella soldiers and radical parties would be willing to collaborate.

**From Occupy to ballot box:** Student activist group Scholarism has confirmed that it will form a political party and field at least two candidates to run in the Legislative Council election in September. It is the latest in a series of developments that highlight young HK activists' rise in political prominence in recent years. Democrat Sin Chung-kai suggested that while he welcomed participation by more parties, "the reality of politics" was that the new party could dilute the pan-democrat voter base, leaving the pro-establishment camp at an advantage.

### **Relations HK - Mainland China**

**Beijing signals less tolerant approach in branding instigators of Mong Kok riot as HK 'separatists':** Beijing is signalling a less tolerant approach to social unrest in HK by branding the instigators of the Mong Kok riot as "separatists", China watchers said. The central government raised the stakes in its first official condemnation of the rioters. China-watcher Johnny Lau said it was unprecedented for Beijing to identify separatists in the city. He called it a "wrong" categorisation that would lead to unnecessary escalation of anti-mainland sentiment. The foreign ministry expressed "strong condemnation" of the violence as well as firm support for HK police in maintaining the city's stability.

**Beijing's top official in HK brands Mong Kok rioters 'radical separatists inclined to terrorism':** Beijing's top man in HK broke his silence over the Mong Kok riot on Feb. 14, branding those who took part as "radical separatists" who were "inclined towards terrorism". The searing indictment by Zhang Xiaoming, director of the central government's liaison office, was an indication of Beijing's tougher line on social unrest in HK, putting the rioters in a similar category with separatists in the Tibet and Xinjiang regions.

**'Don't do stupid things':** People's Liberation Army PLA blames 'separatists' in HK for Mong Kok riot and criticises Western media's coverage of incident. PLA has pointed a finger at "individual local radical separatist organisation" for "plotting" the Mong Kok riot, and criticised the Western media for beautifying the unrest in its first remarks over the chaotic scenes on the first night of the Lunar New Year.

**'Lay down the law':** A leading mainland expert on HK affairs called for shelved national security legislation to be enacted -urgently in the wake of the riot in Mong Kok, backing Beijing's move to label the rioters "separatists" in a similar category as those in Tibet and Xinjiang. The call from Basic Law Committee member Rao Geping, a law professor at Peking University, came days after HK security minister Lai Tung-kuok moved to quash concerns that the riot would prompt the government to revive the controversial legislation. Under Article 23 of Hong Kong's mini-constitution, the city must enact its own national security law. But a bill to that effect was shelved in 2003 after a massive public backlash.

### **International relations**

**British comments on missing bookseller Lee Po 'unlikely to harm relations' with Beijing, says mainland legal affairs expert:** Britain's condemnation of Beijing over the disappearance of Lee Po and four other booksellers on the mainland is unlikely to affect bilateral relations as the two countries are currently enjoying a "golden era", according to a legal affairs expert from the Chinese Academy of Social Sciences, Chen Xinxin. The five booksellers' disappearance prompted intense scrutiny over whether Chinese agents had operated in HK, even though HK police asserted that only local agencies had the power to enforce laws in the city. There was also mounting pressure for the international community to get involved, as Lee is a British citizen, while another

missing bookseller, Gui Minhai, holds a Swedish passport. For the first time, Britain said in a report on HK that China's actions over the "involuntary" removal of Lee Po to the mainland "constitutes a serious breach of the Sino-British Joint Declaration on HK". The response from Foreign Ministry spokesman Hong Lei stuck to the official line: "Parts of the report made unreasonable accusations over China. We express strong dissatisfaction and firm opposition to them." Hong said no country should meddle in HK's affairs.

**US State Department says disappearance of HK booksellers raises serious questions about 'one country, two systems':** The US Department of State said the disappearances of five HK booksellers known for producing titles critical of China raised serious questions about the "one country, two systems" framework. "They – these cases, including two involving individuals holding European passports – raise serious questions about China's commitment to HK's autonomy under the 'one country, two systems' framework as well as its respect for the protection of universal human rights and fundamental freedoms," department spokesman John Kirby said.

### Legal affairs and human rights

**Remaining three missing HK booksellers surface in mainland China, accused of 'illegal activities':** Guangdong police confirmed on Feb. 4 for the first time that three HK booksellers who had not been heard of since they went missing last October were being investigated in mainland China. They also told HK -police that missing Causeway Bay Books owner Lee Po, who is also on the mainland, had rejected their request to meet him. It is widely believed they got into trouble for selling books critical of the Chinese Communist Party. The piecemeal release of information and questionable explanations by mainland authorities have added to fears that HK's autonomy has been undermined.

**US still waiting for HK to catch up on copyright law as 10-year stalemate continues:** The controversial copyright bill will be shelved if it is not passed by March 4, commerce minister Greg So warned in an ultimatum for pan-democrat lawmakers to stop their filibustering. The government sees the bill as necessary to align HK with global standards of intellectual property protection. But critics have dubbed it "Internet Article 23", a reference to the Basic Law provision on national security legislation. Tom Cooney, US Deputy Consul General in HK, reiterated the importance of HK beefing up protection of intellectual property, as its current law dates back to the 1990s.

### Health

**Zika virus alert:** Health minister Ko Wing-man said travel restrictions against countries with Zika cases were not being considered at the moment. "The World Health Organisation has indicated clearly that it would not recommend any travel or trade restrictions against these areas. The Centre for Health Protection and the Security Bureau has established close contact," said Ko. The Food and Environmental Hygiene Department will start a new programme to curb mosquitoes. The common mosquito in HK, *Aedes albopictus*, can spread Zika if imported cases occur.

**China confirms first Zika case; man infected travelled through HK:** China confirmed its first imported case of Zika on Feb. 9. The virus was diagnosed in a Chinese man, 34, who had returned from Venezuela on January 28. He works for a company in Dongguan, in Guangdong, and had travelled home via HK and Shenzhen. The Port Health Office in HK said it had increased vigilance in maintaining environmental hygiene at the airport. HK's Department of Health said the patient had not left the airport.

**Macau bird flu case sparks probe into whether Guangdong farm supplied HK:** After a live chicken store at a Macau market tested positive for H7 bird flu, health inspectors are investigating if the supplier in question also supplied to HK. On Feb. 3 Macau's health authorities culled all of the 15,000 live birds in a wholesale market after the test results. HK's Secretary for Food and Health Dr Ko Wing-man said he was very concerned about the incident, but added that Macau's situation is different from HK's. The supply of yellow chicken from Guangdong to Macau has already resumed. But the yellow chicken supply from Guangdong to HK has not, Dr Ko said.

**Mers breakthrough:** Two genes have been identified by University of HK researchers as key to triggering the growth of the deadly Middle East respiratory syndrome (Mers) virus. The breakthrough provided insights into the development of more targeted medication in future, as there is no specific vaccine or antiviral treatment for Mers. It is however not yet known when the medication will be developed, although HK has been among the leading places for Mers research.

### Environment

**Death of good car mechanics in HK means dirtier air on city's horizon:** The government's failure to raisetraining standards for emissions-related repair and inspection works could put the city on course for dirtier air, according to a think tank Civic Exchange. It pointed to a widening gap between increasing road vehicle numbers and technology and declining manpower and technical skill in the industry. "The government has put a lot of effort into tailpipe solutions, but if they neglect the component of proper maintenance, the consequences could be severe," said Civic Exchange chief research officer Simon Ng.

## **Culture and education**

**Education Bureau says primary school students should learn simplified Chinese:** The Education Bureau has pointed out that primary school students should be able to read simplified Chinese characters so that they have a wider reading range. The point was made in the document for a public consultation on the renewal of Chinese language education curriculum for primary schools released by the bureau's Curriculum Development Council in December. The public consultation lasts until February 15.

**HK tertiary institution staff to vote in 'referendum' on contentious governance issues:** Staff members at the eight publicly funded tertiary institutions will next month vote on a much-demanded governance reform in an unprecedented joint referendum, the institutions' staff unions announced. They will vote on whether the chief executive should have the power to appoint governing council members, and whether more members should be elected from inside universities than from outside. University students, staff and alumni have been demanding changes to the council structure amid concerns that political interference was undermining academic freedom.

## **Macau**

**Macau's top legal official confirms for the first time that cooperation accord with HK could contain retroactive components; Macau lawyers express concern:** Macau Secretary for Administration and Justice Sonia Chan said that a legal cooperation agreement between the two cities – which has been the subject of almost three years of protracted negotiations – could contain a retroactive component, sparking concern among lawyers in Macau who oppose such a move. A HK government source mentioned that the treaty could have retroactive effect, so fugitives who went to one city to avoid punishment in the other could be sent back.

**Macau's former top prosecutor linked to over 2,000 corrupt construction projects:** Without naming names, Andre Cheong, head of the Commission Against Corruption, confirmed "a former prosecutor-general", along with his assistant and consultant, were arrested over questionable public works contracts worth 162 million patacas, of which 44 million patacas was pocketed as kickbacks through "complex and indirect networks". Ho Chio-meng led the prosecutions office for 15 years before vacating the post two years ago. The Court of Final Appeal ruled that Ho was to be detained at Coloane Prison until the next court appearance.

## **Varia**

**Hard living:** HK has been ranked 70th in a study on quality of living in cities around the world, according to American human resources consultancy firm Mercer. The survey was based on 39 factors which expatriates regarded as important to their quality of life. These included political stability, economic environment, education, health and housing. HK's score trailed far behind that of its regional rival Singapore, ranked 26th, as well as many European cities including Vienna and **Zurich**, which gained the two top spots in the survey.

## **Press articles related to Switzerland and Swiss matters**

**ChemChina pounces on Syngenta for cutting edge crop technology (Feb. 3, SCMP):** State-owned China National Chemical Corporation (ChemChina) has agreed to buy Swiss crop seeds and pesticides firm Syngenta for US\$43 billion, in China's biggest overseas acquisition to allow the nation to tap advance technology to boost food productivity to feed its increasingly affluent 1.4 billion people. Syngenta is among a handful of globally competitive firms possessing advanced GMO technologies.

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