

Economy + Finance

- HK retail sales slip in January despite rise in mainland visitors and Lunar New Year expectations (SCMP, March 2)
- HK-southern China Greater Bay Area 'to rival New York, Tokyo' (SCMP, March 6)
- Finance minister Paul Chan urges caution from HK homebuyers (SCMP, March 20)
- Singapore, HK ranked world's most expensive cities in cost of living survey (SCMP, March 21)
- HK hopes for business services boom from AIIB club (SCMP, March 24)
- Digital radio in HK gets the axe because of weak market (SCMP, March 29)
- New city leader Carrie Lam puts tax reform at the top of her agenda (SCMP, March 29)
- HK's monetary authority unveils trade finance platform based on blockchain technology (SCMP, March 31)

Domestic politics

- Help from Beijing and liaison office could be 'counterproductive' for campaign, chief executive hopeful Carrie Lam admits (SCMP, March 2)
- Premier Li Keqiang sounds warning on HK independence (SCMP, March 6)
- NPC chief urges HK to put economy above 'street politics' (SCMP, March 7)
- HK Chief Executive Leung Chun-ying elected to top national body (SCMP, March 14)
- HK Chief Executive Leung Chun-ying insists civil service 'very stable', after rumours of exodus if Lam wins election (SCMP, March 21)
- No mutual trust between Carrie Lam and us, 24 HK pan-democrats claim in statement (SCMP; March 22)
- Carrie Lam wins HK chief executive election, with 777 votes (SCMP, March 26)
- Newly elected HK leader Carrie Lam vows to unite sharply divided city (SCMP, March 27)
- Occupy leaders arrested and charged a day after Carrie Lam wins HK chief executive election (SCMP, March 28)
- Beijing agrees new HK leader Carrie Lam can run things her way (SCMP, March 30)

Legal affairs and human rights

- HK chief executive Leung Chun-ying sues lawmaker for defamation (SCMP, March 7)
- Police round up 11 thought to have helped mainlanders get UK visas via HK (SCMP, March 7)
- Not necessary to review proportion of overseas judges in HK, says Elsie Leung (SCMP, March 7)
- Ronald Chan under fire for saying HK will focus on only nine out of 73 recommendations by equality watchdog (SCMP, March 20)

Health

- HK university reveals complete genetic sets of nasopharyngeal cancer (SCMP, March 7)
- Food safety authority orders HK supermarkets to pull baby formula from shelves for low iodine levels (SCMP, March 21)
- Breakthrough in H7N9 study a boost for bird flu drug research in HK (SCMP, March 22)
- HK bans imports of Brazilian meat after food safety scandal (SCMP, March 22)
- HK revises Brazilian import ban to 21 companies after promise of increased credibility (SCMP, March 29)

Environment

- HK may impose waste disposal levy by second half of 2019 at the earliest, environment minister says (SCMP, March 6)
- Waste disposal charge will cost a typical HK family HK\$51 a month (SCMP, March 21)

Culture and education

- **Public consultation for HK Palace Museum project engaged 48,000 people, but arts insiders still skeptical (SCMP, March 10)**
- **University of HK slips one place in latest Asian rankings (SCMP, March 16)**
- **New British school to enter what will become a very crowded HK primary sector (SCMP, March 23)**
- **HK art market takes hit from Beijing's efforts to curb capital outflows (SCMP, March 24)**
- **HK education chief insists controversial school competence test should go ahead in May (SCMP, March 31)**

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HK retail sales slip in January despite rise in mainland visitors and Lunar New Year expectations (SCMP, March 2): Shoppers spent less in January even though the Lunar New Year holiday – a traditional shopping season – fell in that month and more mainland people visited. Sales were down 0.9 per cent, making it the 23rd consecutive monthly contraction, even though the decline was lower than the 2.9 per cent fall in December. Despite the narrower decline, retail veterans said the troubled sector had yet to hit bottom, as the strong HK dollar would discourage visitors from buying big-ticket items in the city.

HK-southern China Greater Bay Area 'to rival New York, Tokyo' (SCMP, March 6): A government plan to deepen integration between HK and the mainland is designed to create a region as competitive as other bay areas such as "Los Angeles, New York and Tokyo", according to Ma Xingrui, Guangdong's governor. Premier Li Keqiang said in his annual government work report on March 5 that the mainland would draw up a plan for the "development of a city cluster in the Guangdong-HK-Macau Greater Bay Area". Zheng Tianxiang, a professor with the Pearl River Delta Research Institute at Guangzhou's Sun Yat-sen University, said the Greater Bay Area could consolidate the three regional economies into a truly "global city" with expanded economic influence. A chief obstacle to realising the plan however is the different systems of governance on either side of the border. Zheng admitted this could be an obstacle, especially when it came to administrative restrictions.

Finance minister Paul Chan urges caution from HK homebuyers (SCMP, March 20): Financial Secretary Paul Chan urged homebuyers to be cautious, warning that the impact of further US interest rate rises could curb HK's soaring property prices. The risk factors include increased supply of new homes in the coming years, higher interest rates and a volatile global economy in the aftermath of Britain's vote to leave the European Union and Donald Trump becoming US president. Chan said it was worrisome that house prices were still growing despite government cooling measures, such as the new stamp duty.

Singapore, HK ranked world's most expensive cities in cost of living survey (SCMP, March 21): HK has again ranked as one of the world's most expensive cities, prompting concerns over its competitiveness and suggestions to scrap "burdensome" areas of doing business. According to a survey by London-based consultancy the Economist Intelligence Unit, HK came in as the second most costly city in 2016, after Singapore and ahead of Zurich. Jon Copestake, editor of the unit's cost of living survey, said HK should be concerned by the findings. He warned that the strong HK dollar, which continues to drive up prices of goods and services, will continue to have a negative impact on the tourism and retail industry – key pillars of the local economy.

HK hopes for business services boom from AIIB club (SCMP, March 24): HK is hoping its professional and financial services will get a big boost when it becomes a member of a Beijing-backed bank created to finance infrastructure across Asia. The Asian Infrastructure -Investment Bank's (AIIB) board announced that HK was one of 13 new applicants approved for membership, along with Canada. The expansion will extend the lender's reach into North America and take its total membership to 70. The 13 prospective members will officially join the lender once they complete procedures in their home countries and deposit an initial cash instalment. HK Financial Secretary Paul Chan welcomed the decision, calling for the Legislative Council's Finance Committee to approve the funding quickly. Chan said HK's participation in the AIIB could create new opportunities for services in the city, reinforcing its place as an international financial centre.

Digital radio in HK gets the axe because of weak market (SCMP, March 29): All digital radio transmissions in HK will be terminated within six months after the Executive Council deemed it unrealistic to rely solely on public broadcaster RTHK to operate the service. Digital audio services were introduced in Hong Kong in 2010, with licences granted to three commercial operators in addition to RTHK 2011. However, RTHK is now the only local operator providing digital services after Phoenix U Radio, Digital Broadcasting Corporation and Metro Broadcast Corporation all had their licences terminated.

New city leader Carrie Lam puts tax reform at the top of her agenda (SCMP, March 29): Chief executive-elect Carrie Lam plans to host a summit on a new direction for taxation in HK to find ways to spur economic growth as soon as she takes office in July. Lam said she would implement the two major tax proposals pledged in her manifesto. The first is a two-tier profits tax system that seeks to reduce the burden on small, medium and start-up enterprises. The tax rate for the first HK\$2 million of profits will be lowered from the current 16.5 per cent rate to 10 per cent. In the second proposal, the new administration will offer additional tax deductions to boost research and development, and possibly spending on environmental protection initiatives, art and design, and other initiatives. Another tax-related measure aims to secure more “avoidance of double taxation agreements” with other regions or countries. HK had 37 such treaties, while Singapore had close to 90, she noted.

HK’s monetary authority unveils trade finance platform based on blockchain technology (SCMP, March 31): HK appears set to burnish its credentials as a global trading hub, with its development of a proof-of-concept distributed ledger platform for trade finance using Blockchain technology. The HK Monetary Authority (HKMA) led this initiative, which was supported by professional services group Deloitte and five of the city’s top banks, according to a joint announcement. Their project was designed to demonstrate the feasibility of using the distributed ledger technology known as Blockchain to reduce the risk of fraudulent activity, while increasing business transparency, operational efficiency and productivity in trade finance.

Domestic politics

Help from Beijing and liaison office could be ‘counterproductive’ for campaign, chief executive hopeful Carrie Lam admits (SCMP, March 2): Carrie Lam, the front runner in HK’s leadership race, has vowed to tackle anti-mainland sentiment and distrust of big business at their source if she wins the chief executive election this month. Even as Carrie Lam emphasised the need to bridge the divide between the city and the mainland, she admitted that help from Beijing and its liaison office for her could be “counterproductive” for her campaign. The 59-year-old former chief secretary is now leading a three-horse race after former security minister Regina Ip crashed out of the race, having failed to secure the minimum 150 nominations to formally qualify as a candidate.

Premier Li Keqiang sounds warning on HK independence (SCMP, March 6): Chinese Premier Li Keqiang has for the first time publicly denounced the notion of HK independence in his annual work report, warning that the movement would “lead nowhere”. While Beijing’s firm rejection of such separatist sentiments is well-known, the mention of HK independence in the annual government report was unprecedented. It is likely to be read as a strong signal to candidates of the coming chief executive election that the winner would be expected to handle the issue without compromise. In keeping with the warning, Li said Beijing was committed to the principle of “one country, two systems” in HK, without it being “bent or distorted”.

NPC chief urges HK to put economy above ‘street politics’ (SCMP, March 7): The head of China’s top legislature has warned HK against challenging the bottom-line of national sovereignty or over-politicising issues, cautioning that the city’s economic prowess could be surpassed by neighbouring city Shenzhen in just two years. National People’s Congress chairman Zhang Dejiang also urged HK to “seize opportunities” that Beijing has reserved for the city in the nation’s “fast-track development”, as countries around the world scramble for such favours. But Wong Ka-fu, an economist at the University of HK, said it was “not very meaningful” to compare GDP only. Per capita GDP and productivity, for example, were better indicators reflecting economic performance, he said. In 2016, Hong Kong’s per capita GDP was HK\$339,273, while Shenzhen’s was 167,400 yuan.

HK Chief Executive Leung Chun-ying elected to top national body (SCMP, March 14): HK Chief Executive Leung Chun-ying was officially elected a vice-chairman of Beijing’s top political advisory body Chinese People’s Political Consultative Conference, giving him the unprecedented dual role of state leader and the city’s top official. His CPPCC elevation came just three months after Leung dropped a political bombshell by announcing he would not seek a second term, citing family reasons. Beijing officials earlier said Leung was nominated as CPPCC vice-chairman because of his firm stance against the Occupy pro-democracy protests in HK in 2014 and pro-independence advocacy over the past couple of years.

HK Chief Executive Leung Chun-ying insists civil service ‘very stable’, after rumours of exodus if Lam wins election (SCMP, March 21): Chief Executive Leung Chun-ying said his cabinet and the civil service were “very stable”, dismissing suggestions of a civil service exodus if election favourite Carrie Lam succeeds him, calling the rumours “an election ploy”. Lam’s critics, and one former government adviser, have claimed that the former chief secretary – and Beijing’s preferred candidate – has a bad relationship with senior civil servants.

No mutual trust between Carrie Lam and us, 24 HK pan-democrats claim in statement (SCMP, March 22): Leadership race front runner Carrie Lam has defended her ability to communicate with different political parties after pan-democrats issued a statement saying they had “no basis of mutual trust” with the former chief secretary. The statement was issued by 24 lawmakers, who declared they would not vote for Lam because they could not agree with her lack of respect for procedural justice and the opinions of others. They warned that Lam, who is widely seen as Beijing’s preferred choice, would not only fail to mend the rift in the city but will make society even more divided if she wins the chief executive election. Pan-democratic members on the Election Committee that will pick the city’s next leader also announced their backing of popular underdog and former finance minister John Tsang.

Carrie Lam wins HK chief executive election, with 777 votes (SCMP, March 26): Carrie Lam has been elected HK’s next chief executive, becoming the city’s first female leader. Lam, 59, won 777 votes from the 1,194-member Election Committee, composed mostly of Beijing loyalists. The former chief secretary beat former finance chief John Tsang and retired judge Woo Kwok-hing. Lam was widely seen as Beijing’s preferred candidate while Tsang was said to have lacked the central government’s full trust despite his high public popularity. For Woo, winning the race was seen as mission impossible.

Newly elected HK leader Carrie Lam vows to unite sharply divided city (SCMP, March 27): Carrie Lam was elected as HK’s first female leader, promising to unite a divided city with a more inclusive style of governance and appealing for the chance to start a new chapter. She also vowed to find ways to improve relations between the executive and the legislature. However, opposition politicians remained sceptical, given her non-committal response to their demands for universal suffrage. They also pointed out that she was picked by a small-circle electorate despite being eclipsed in the popularity stakes by John Tsang. The State Council’s HK and Macau Affairs Office said the election had been “open, fair and orderly”, and that Lam “fitted” Beijing’s requirements for a chief executive. The office will now get started on procedures to formally appoint Lam. Popular underdog Tsang appeared gracious in defeat, hugging Lam on stage and later urging Hongkongers to accept the result and support the winner for the good of the city.

Occupy leaders arrested and charged a day after Carrie Lam wins HK chief executive election (SCMP, March 28): Nine leaders and key participants of HK’s Occupy movement were arrested and charged on March 27 over their roles in the 2014 pro-democracy street protests – a day after Carrie Lam pledged to unite a divided society as the city’s newly elected chief executive. The three leaders of the protests, Reverend Chu Yiu-ming and academics Benny Tai and Chan Kin-man, face three counts each – conspiracy to commit public nuisance, inciting others to commit public nuisance, and inciting people to incite others to commit public nuisance. Each charge carries a maximum penalty of seven years in jail. One or both of the incitement charges were laid against the remaining six including lawmakers Tanya Chan and Shiu Ka-chun. Carrie Lam was quick to distance herself from the arrests, stressing that she had no prior knowledge. “This is the action of the current administration,” she said. “[While] I want to unite society and bridge the divide that has been causing us concern, any such action should not compromise the rule of law in HK.” The Department of Justice issued a statement denying any political consideration and dismissing suggestions about Carrie Lam’s involvement as “baseless and utterly untrue”.

Beijing agrees new HK leader Carrie Lam can run things her way (SCMP, March 30): HK’s newly elected leader announced that Beijing’s representative branches would leave it to her to run her own administration and take the lead in bridging the city’s political divide. Three days after being voted into her new job, chief executive-elect Carrie Lam paid courtesy calls to Beijing’s liaison office, the office of the foreign ministry, and the People’s Liberation Army garrison. Lam cited liaison office director Zhang Xiaoming as saying he was aware and supportive of her pledge that her cabinet would not rely on the liaison office’s help to lobby politicians.

Legal affairs and human rights

HK chief executive Leung Chun-ying sues lawmaker for defamation (SCMP, March 7): HK’s outgoing leader, Leung Chun-ying, is suing an opposition legislator Kenneth Leung for defamation over remarks about a HK\$50 million payment that the chief executive received from an Australian engineering firm. The pan-democratic politician Kenneth Leung said the suit would not stop him from continuing with a Legislative Council investigation into the payment controversy, but did not comment further. This is the first time a HK chief executive has sued a legislator for defamation. What lawmakers say in the Legco chamber is protected by parliamentary privilege, but remarks made outside are not. Pan-democrats, including Kenneth Leung, have demanded that the chief executive not be appointed vice-chairman of the Chinese People’s Political Consultative Conference before the Legco inquiry concludes.

Police round up 11 thought to have helped mainlanders get UK visas via HK (SCMP, March 7): Police have arrested 11 people thought to be key to a scamming syndicate that has helped mainlanders get UK visas via the British consulate in HK. HK and Guangdong police rounded up the suspects in the joint operation in the city and the mainland, according to police. Officers said they thought the gang had helped about 100 mainlanders, mostly men, apply for the visas at the British consulate in HK since 2014, charging each successful applicant 150,000 yuan (HK\$169,000). “We believe [the migrants] remained in Britain after their visa expired and worked illegally there,” the source said. A UK Home Office spokesman said it was working with local police on the case but would not comment further.

Not necessary to review proportion of overseas judges in HK, says Elsie Leung (SCMP, March 7): Former justice minister Elsie Leung has dismissed any need for a review of the proportion of judges from overseas in HK after a leading mainland legal expert complained that local adjudicators were a minority in the city’s top court. Wading in the debate over the role of judges with foreign nationality in HK courts, Leung cited the city’s mini-constitution that empowers the highest court to enlist the help of top judges from other common law jurisdictions in deciding cases. She was speaking after mainland commentators questioned the jailing of seven policemen for assaulting an Occupy protester in 2014, by District Court judge David Duffton last month. Some had suggested that “foreign judges” seemed more inclined to “favour the pro-democracy camp”.

Ronald Chan under fire for saying HK will focus on only nine out of 73 recommendations by equality watchdog (SCMP, March 20): Undersecretary for constitutional and mainland affairs Ronald Chan has come under fire for saying the government would focus on only nine out of 73 recommendations (because they are less controversial and less complex) made by the Equal Opportunities Commission on the city’s anti-discrimination ordinances. Of the nine, one recommended that the government introduce provisions to prohibit direct and indirect discrimination against breastfeeding.

Health

HK university reveals complete genetic sets of nasopharyngeal cancer (SCMP, March 7): Patients who have nasopharyngeal cancer, which starts behind the nose, could be given more effective treatment in the future after Chinese University (CUHK) researchers unveiled the complete genetic sets of a common cancer in HK. Nasopharyngeal cancer is commonly seen in HK and southern parts of China. Lo Kwok-wai, a professor from the university’s anatomical and cellular pathology department, said CUHK is now working with a British institution to develop a drug.

Food safety authority orders HK supermarkets to pull baby formula from shelves for low iodine levels (SCMP, March 21): Traders have been urged not to sell a French brand of infant baby formula after it was found to contain iodine levels below the legal minimum requirement. The Centre for Food and Safety (CFS) announced that it had ordered a Tsim Sha Tsui supermarket to stop selling Physiologic Relay 1, made by Laboratoires Gilbert in France. “The CFS is tracing the distribution of the affected product. Should there be sufficient evidence, prosecution will be instituted,” the CFS spokesman said.

Breakthrough in H7N9 study a boost for bird flu drug research in HK (SCMP, March 22): A team of researchers at the University of HK has cracked the mystery behind how the deadly H7N9 virus has attained a higher ability to infect humans while also being contagious among avian species, placing the city at the forefront of bird flu drug development. Scientists analysed the DNA of H7N9 virus strains collected since the 2013 outbreak, and identified a gene mutation that allowed it to adapt to human cells. The research is headed by Professor Chen Honglin of the university’s State Key Laboratory of Emerging Infectious Diseases. Chen said the findings could “help monitor the emergence and transmission of the bird flu virus in humans and prevent human-to-human infection, as well as provide a new target for antiviral drug development”.

HK bans imports of Brazilian meat after food safety scandal (SCMP, March 22): Local supermarkets and restaurants rushed to pull their stocks of meat and poultry from Brazil after the city’s food safety authority issued a ban on imports following a scandal over the sale of unsafe produce in the South American country. The move came after the mainland, the European Union and Chile imposed similar full or partial bans following announcements by Brazilian authorities they were investigating evidence that some of the nation’s largest meat producers had bribed government officials to approve the sale and export of contaminated meat. A Centre for Food Safety spokesman said surveillance of meat and poultry from Brazil would be strengthened to safeguard food safety and public health.

HK revises Brazilian import ban to 21 companies after promise of increased credibility (SCMP, March 29): A blanket ban on all Brazilian meat products has been revised to limit imports from 21

companies from the South American country. The Centre for Food Safety said the revised ban would come into effect immediately after food hygiene certification was provided to HK authorities. A centre spokesman said Brazil had provided the HK government information that it would “strictly implement” its international certification process to demonstrate the credibility of its system. The centre said the 66 Brazilian meat samples collected from local imports and retail stores since March 21 were tested for meat deterioration and found to be satisfactory.

Environment

HK may impose waste disposal levy by second half of 2019 at the earliest, environment minister says (SCMP, March 6): A long-delayed plan to charge fees for the disposal of municipal solid waste could be in force by the second half of 2019 at the earliest, the city’s environment chief said. If the legislation is approved, households and businesses will have to pay for the amount of rubbish they throw out, either by using pre-paid rubbish bags or via a landfill “gate fee” based on the weight of the trash. “A preparatory period of 12 to 18 months would be put in place after the passage of the legislation,” Environment Secretary Wong Kam-sing said. “It is expected waste charging can be implemented by the second half of 2019 at the earliest.”

Waste disposal charge will cost a typical HK family HK\$51 a month (SCMP, March 21): HK’s households will have to shell out around HK\$33 to HK\$51 a month to dispose of their rubbish when a long-awaited quantity-based charging scheme designed to change behaviour and reduce waste comes into force in two years. Environment minister Wong Kam-sing said that charges for municipal solid waste – rubbish generated from homes, offices, factories and restaurants, a third of which comes from kitchens – would be imposed on all sectors in one go for the sake of fairness and in line with the “polluter pays” principle. “Quantity-based waste charging aims to create financial incentives to drive behavioural changes in waste generation,” Wong said. “The biggest aim is to reduce overall waste disposal, not to increase government revenues.”

Culture and education

Public consultation for HK Palace Museum project engaged 48,000 people, but arts insiders still skeptical (SCMP, March 10): An eight-week public consultation on the proposed Palace Museum project had engaged more than 48,000 people in the form of an exhibition and web page visits, questionnaires and opinion polls, the West Kowloon Cultural District Authority said. The feedback received from the consultation exercise will be analysed, and the findings will be reported to the board of the authority. But a group of cultural workers have already dismissed the consultation and demanded a fresh round of talks, saying the exercise had a “pre-determined position” and lacked transparency.

University of HK slips one place in latest Asian rankings (SCMP, March 16): The University of HK has slipped one more place in a recently released ranking of Asian universities, with two Singapore and two mainland institutions ahead of it. But there was some good news for the city with five of six featured universities making the top 20 in the latest Times Higher Education Asia University Rankings, up from four last year. Times Higher Education rankings editor Phil Baty said: “Despite these small declines, HK’s performance is impressive given that it has a population of just over seven million and it is one of the top-performing territories in the table relative to its wealth and population.” Universities are judged for their teaching, research, knowledge transfer and international outlook.

New British school to enter what will become a very crowded HK primary sector (SCMP, March 23): Shrewsbury International School will open its doors to kindergarten and primary school students in HK next year, offering facilities dedicated to sports, performing arts, languages and science and technology. However, according to the latest government projections released last month, the current shortfall of 149 places for international primary schools will turn into a surplus in the coming academic year, with a forecast of an oversupply of 3,526 places by 2022.

HK art market takes hit from Beijing’s efforts to curb capital outflows (SCMP, March 24): The HK art market has taken a hit from Beijing’s recent efforts to curb capital outflows, with fewer mainland collectors splashing out on expensive pieces at Art Basel. While private collectors from more than 70 countries attended the five-day annual art extravaganza, some galleries reported slower business as their wealthy customers – mostly mainland buyers – were having trouble taking money out of the country. Some mainland buyers said they had to settle for cheaper artworks under the payment limit set by the mainland authorities, but others managed to skirt the measures by using overseas funds.

HK education chief insists controversial school competence test should go ahead in May (SCMP, March 31): The education chief defended his decision to maintain a controversial competence test for all local primary schools in May, insisting the plan should not be aborted due to “political change”. Outgoing Chief Executive Leung Chun-ying also insisted the test for Primary Three pupils should remain in place. Chief executive-elect and former chief secretary Carrie Lam called on

the current administration to drop the exam. Lam's call was echoed by lawmakers, who in a rare show of cross-party cooperation, urged the administration to scrap the compulsory test scheduled for two months before the government's current term expires.

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