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Switzerland

China 'clearly wants' Ukraine war to end, top Swiss diplomat

Switzerland's top diplomat has sought China's help in preparing for a Ukraine peace summit, and said Beijing sent "clear" indications that it wanted the war to end. Foreign Minister Ignazio Cassis said while expecting an immediate solution to the conflict would be like chasing an "illusion", the Swiss-hosted global peace talks were a "first step" towards resolving the situation. Switzerland agreed to host a global peace summit at the request of Ukraine's President Volodymyr Zelensky, who said the summit was "open to all countries that respect our sovereignty and territorial integrity". Cassis' comments came hours after a meeting with Chinese Foreign Minister Wang Yi, where they discussed matters related to bilateral relations and also global security issues. [SCMP](#) Feb 7

Match organiser withdraws HKD16m funding request, but failed to address ticket refunds in HK

Lionel Messi match organizer, Tatler Asia, a regional luxury media brand, is part of the Lamunier family-owned empire based in Switzerland's Lausanne and spans media, real estate and e-commerce, withdraws its HKD16m (USD2.04m) fund application. However, Secretary for Culture, Sports and Tourism Kevin Yeung says Tatler Asia's decision to withdraw application has not entirely resolved matter. Tatler Asia chairman and CEO Michel Lamunier said that Messi was among the list of players submitted by the team's management. He added he was only told late in the second-half of the match that Messi was unfit to play. But Lamunier made no mention of refunds for fans, many from mainland China and some from as far away as Thailand, to see the football legend play, and they made their anger clear with a chorus of boos at the end of the game at Hong Kong Stadium. Meanwhile, the organizer Tatler Asia has announced a 50% refund to fans amid pressure from officials and the public. [SCMP](#) [SCMP2](#) [HKFP](#) Feb 4, 6, 9

Norwegian and Swiss FMs' China Visits: Strengthening China-Europe Ties

As Norway and Switzerland's foreign ministers, Espen Barth Eide and Ignazio Cassis, begin their China trip, experts see it as a rejection of US influence and a move towards diplomatic autonomy. The closer China-Europe partnership can effectively counter the US' radical approach to global affairs. Both visits signify growing bilateral relations, including trade, investment, green development, and cultural exchange. The China-Switzerland Foreign Ministers' Strategic Dialogue will also take place during Cassis' visit, highlighting their cooperative relationship. [GT](#) Feb 5

Lombard Odier cuts China asset allocation amid challenges facing world's second biggest economy

Swiss bank Lombard Odier is the latest to sour on China, cutting allocation to the nation's assets over concerns about the outlook for the world's second-largest economy and geopolitical risks. The changes in strategic asset allocation reflect a reassessment of China's long-term challenges the bank said. A recent Goldman Sachs survey of its clients showed a significant proportion of its clients viewed the market as "uninvestable", citing geopolitical tensions, domestic politics and deflationary pressure as their main concerns. Meanwhile, China's economic data is set to show deteriorating sequential growth momentum, according to Nomura. [SCMP](#) Jan 31

Foreign Policy / International Relations

Government slams ex-US Consul General's statement on Jimmy Lai's trial

The government issued a [statement](#) on 8 February opposing a joint statement by former US Consuls General to Hong Kong and Macao regarding Jimmy Lai's trial, and the current US Consulate General in the city for posting it on [social media](#). In the statement run by the Wall Street Journal, the four former US CGs, namely Richard Boucher, Stephen Young, Richard Mueller, and James Keith, urged the immediate release of the media tycoon. They also expressed 'great dismay and concern' over former consul general James Cunningham being called a 'co-conspirator' in the foreign collusion trial. [WSJ](#) [RTHK](#) Feb 7

Mainland

Beijing's man for HK in town for seven-day 'fact-finding mission', places economy as top priority

Xia Baolong, Director of the Hong Kong and Macau Affairs Office, has reportedly met representatives of foreign business chambers, including the American Chamber of Commerce, on 26 February. He has also met with legal sector representatives, including those from the Bar Association and the Law Society, on Sunday. Chairperson of the Bar Association Victor Dawes told the press that they mentioned the need to strike a balance between safeguarding national security and people's rights under the Basic Law, but refused to disclose Xia's response. Xia departed on 28 February, when Financial Secretary Paul Chan unveiled his latest budget. The mission was 'dedicated to assuring local and international investors'. Xia mentioned the Article 23 a minimal numbers of time during the visit. Local media interprets this as a reduced concern for Beijing. [SCMP](#) [TS1](#) [TS2](#) Feb 24, 25 & 28

National Security Law - Article 23: month-long public consultation ended on 28 February

A month-long public consultation period for a new Hong Kong national security law closed on 28 February 2024 amid concerns that the legislation, which authorities want to put in place soon, will further erode freedoms in the financial hub. One major addition to the new bill was the offence of insurrection, designed to punish those who committed violent acts in Hong Kong with intent to endanger the country's sovereignty, unity and territorial integrity or public safety in the city. Chief Executive John Lee has initiated a public consultation period, inviting feedback from the public and foreign chambers of commerce within a four-week timeframe. The proposed law covers offenses such as **treason, insurrection, espionage, activities endangering national security**, and **external interference**. It also addresses issues related to **state secrets and extraterritorial reach**. The existing national security law imposed by China has been criticized for its broad nature, leading to a decline in foreign investor confidence and an increase in emigration.

The Law Society of Hong Kong submitted its recommendations, urging the government to consider the Canadian model for a public interest defense in cases of espionage or leaking state secrets. They also called for clarification of the definition of 'acts with seditious intention' to prevent targeting political speeches and other forms of expression. **The Hong Kong Journalists Association** also submitted their recommendations to the Security Bureau, focusing on the offenses of 'theft of state secrets,' 'espionage,' and 'external interference.' They expressed concerns about the broad definitions of these offenses and their potential chilling effect. Their major suggestions include establishing a statutory defense based on public interest, requiring proof of material damage to national security, and proof of a defendant's intention to endanger national security. The association also urges the authorities to include safeguards for the media and avoid causing irreparable harm to press freedom. Meanwhile, over 100 representatives from **diplomatic missions** and **business chambers**, including **EU, German, American, and Canadian** officials, met with Chief Executive John Lee to discuss the homegrown national security legislation. Secretary for Justice Paul Lam acknowledged concerns about external interference and theft of state secrets. Lam stated that the government had not received any opposition to Article 23 legislation and emphasized Hong Kong's constitutional responsibility to complete the legislation, he also mentioned that unlike the Beijing-imposed National Security Law, only the maximum penalties rather than the minimum sentences of each offense will be listed under Article 23. Secretary for Security Chris Tang assured that the legislation would not affect the business community or the general public, only those intending to endanger national security. **Legal and human rights experts** have expressed concerns over Hong Kong authorities' proposals on extending the detention period of arrestees in national security cases, as well as other moves to stop absconders. **British Foreign Secretary David Cameron** said the proposals did not uphold Hong Kong's obligations under the **Sino-British Joint Declaration**, which returned Hong Kong from British to Chinese rule more than 25 years ago and urges Hong Kong to re-consider proposes new security law. So far, 174 people and five companies have been charged under the 2020 national security law.

Meanwhile, **former US consul general Hansom Smith**, flagged language used to guide the establishment of a domestic national security law as a "growing concern" among groups operating in the city who had not previously worried about such initiative affecting them.

[SCMP LawSociety](#) [SCMP1](#) [SCMP2](#) [RTHK](#) [Standard](#) [SCMP3](#) [SCMP4](#) [SCMP5](#) [NSL government press release national security](#) [Reuters](#) [SCMP6](#) [HKFP](#) Feb 1-28

Economy

More multinational companies pick Singapore over Hong Kong for Asian headquarters

Singapore hosted regional headquarters for 4 200 multinational firms in 2023, beating the 1 336 found in Hong Kong, a Bloomberg Intelligence report found. Businesses that have set up headquarters in Singapore include Microsoft, Google, FedEx, Rolls-Royce and Mead Johnson. The report also noted that even many Chinese companies choose Singapore 'because of its better relations with the West, broader talent pool, diversified economy, and tax incentives.' [Bloomberg](#) Feb 22

Financial chief strikes hopeful note in economy ahead of budget announcement

Financial Secretary Paul Chan said he expected gradual and continued improvements in Hong Kong's economy as well as in the business environment of various industries this year. In his weekly blog, Chan unveiled the beige-coloured cover of the budget, adding the administration's hope to be more focused and effective when using public resources in the face of fiscal deficit. RTHK

GBA cities enhance cooperation as Beijing's cross-border powerhouse plan turns five

In his weekly blog, Financial Secretary Paul Chan stressed that collaboration in the bay area had made significant progress, saying: "Whether it is green technology, green finance or overall innovation and technology development, Hong Kong and its sister cities in the Greater Bay Area are met with opportunities for coordinated development and mutual assistance." City ministers of the GBA cities and Guangdong provincial officials have emphasized the growing interconnectedness of the GBA, particularly in their

financial sectors and the southern network should strive to become a beacon for talent to better seize development opportunities. Secretary Chan further mentioned that the government has granted over HKD800m (EUR 94.4m) to support the research and development of green technologies, such as net-zero electricity generation and green transportation. Hong Kong is currently home to more than 200 green technology companies and some have taken their products into international markets and has the potential to become a global hub for green technology and finance, he added. [SCMP Standard](#) Feb 18 & 19

Hong Kong's Lunar New Year tourist figures return to 2018 levels

Visitor arrivals during the Lunar New Year holiday reached 1.43m, similar to the 2018 level. Preliminary figures from the Immigration Department showed more than 1.25m, or 87% of the total, involved travellers from the mainland. That represented a daily average about 156'000 visits over the eight-day period that ended on Saturday, exceeding the 2018 level. [RTHK Bloomberg](#) Feb 18

Surge in foreign, mainland companies eyeing HK in 2023

According to InvestHK, 382 companies from 45 economies have been looking to set up and expand in Hong Kong in 2023, up 27% from the previous year following the lifting of Covid restrictions. Among them a third of the firms, or 136, were from mainland China, 48 were from the UK, 34 from the US, with most of them in financial services, fintech, innovation and technology sectors. [RTHK HKFP](#) Feb 2

Financial chief predicts growth and stability for Year of the Dragon

In his [weekly blog](#), Financial Secretary Paul Chan wrote that the overall market situation is expected to be stable and improve in the Year of the Dragon, owing to an anticipated decline in external interest rates. Chan also highlighted the start of the one-month public consultation of Article 23, saying that a stable and secure environment was a prerequisite for economic growth. [SCMP](#) Feb 4

HK eyes moves to attract IPOs of mainland Chinese, Middle Eastern firms to spur stock market

The government is actively engaging with mainland Chinese regulators to speed up the approval process for companies listing in the city, finance minister Paul Chan says. The HKSAR will also encourage more companies from other regions such as Middle East and Southeast Asia to list in the city as part of the government's initiative to revive its sluggish financial market. Furthermore, new measures will be rolled out to attract family offices and wealthy individuals, as well as strengthen the asset and wealth management segments. The aim is to continue revitalising HK's financial market, he said at the Asian Financial Forum. [SCMP](#) Jan 31

Macau

LNY visitor arrival returns to near pre-pandemic level

Some 1.35m visitors entered Macao during the eight-day Lunar New Year holiday, amounting to 98.8% of the total recorded during the comparable period in pre-pandemic 2019. According to the preliminary data released by the Macao Government Tourism Office, 76.2% of visitors came from the mainland China while the number of foreigner visitors logged a slight dip. [Macao Business Macau Daily Times](#)

Macau casino operator MGM China revenue soars in Q4

The company, controlled by New York-listed MGM Resorts International Holdings, reported a 462% rise in revenue in the fourth quarter of 2023 (from USD175m in Q4 2022 to USD 983m in Q4 2023), sending its share price up by over 10%. That is after Covid-19 restrictions were rolled back and visitor numbers surged in the world's largest gambling hub. Analysts expect the casino operator's business improvement to be sustained in 2024 as mainland China travellers prefer short-haul travel, which will benefit Macau. [SCMP](#) Feb 14

Special Focus: Budget Speech 2024 - 2025

Hong Kong government records HKD101.6 bn deficit for current fiscal year, GDP 2023 at 3.2%

Amidst rising global interest rates, economic slowdown and continued geopolitical tensions, Hong Kong has a slower than-expected pace of economic growth last year. At the Budget Speech on 28 February 2024, Financial Secretary Paul MP Chan announced that the government anticipates a consolidated deficit of HKD101.6 bn (USD13 bn), almost double the forecast provided last year. Furthermore, he foresees a fiscal deficit of HKD48.1 bn (USD6.2 bn) for the next fiscal year, resulting in a decrease in fiscal reserves to an estimated HKD685.1 bn (USD87.8 bn). He further projected fiscal reserves to reach HKD733.2 bn (USD94 bn) by 31st March. Financial Secretary revised the estimate for government revenue in the current fiscal year to HKD554.6 bn (USD71.1 bn), representing a 13.7% decrease or HKD87.8 bn (USD11.26) less than the original estimate.

The most significant decline was observed in land premium revenue, which amounted to only HKD19.4 bn (USD2.5 bn), significantly lower than the initial estimate by HKD65.6 bn (USD8.4 bn). Revenue from stamp duties, at HKD50 bn (USD6.4 bn), also fell short of the original estimate by HKD35 bn (USD4.5 bn) on. Despite an overall decrease in expenditures following the COVID-19 pandemic, the softening of the asset market led to a decline in revenue from land premiums and stamp duties, resulting in a larger consolidated deficit than initially anticipated. The revised estimate for total government expenditure in the current fiscal year decreased by 10.2% compared to the previous year and is 4.3% lower than the original estimate, amounting to HKD33.1 bn (USD4.2 bn) less.

Meanwhile, the **economy grew by 3.2% in 2023**, whilst inflation remained “moderate” and **unemployment rate is at 2.9%**. However, given the “financial situation”, this year’s budget speech did not address societal problems and doesn’t offer as much ‘sweeteners’ for residents as it was the case during COVID-19 with a **budget of HKD11.52 bn (USD1.48 bn) to one-off relief measures**, down from previous HKD59.4 bn (USD7.6 bn).

Expected growth for 2024 is 2.5%-3.5%. Paul Chan further reveals that Hong Kong will return to a budget surplus in two years with the help of bond issuance along with measure to cut costs and raise income. For the first time in a decade, the government also said it planned to dip further into its reserves by using investment returns from the Future Fund set up for rainy days. The move would require approval from the Legislative Council.

Key Proposals:

- **HKD100 m** (USD12.8 m) to promote **sustainable** development of **financial services**.
- **Issue HKD50 bn** (USD6.4 bn) of **Silver Bond** and **HKD20 bn** (USD2.56 bn) of **retail green bonds and infrastructure bonds**.
- Inject **HKD500 m** (USD64.1 m) to launch “**E-commerce Easy**”, and provide up to HKD1 m (USD128’205) per enterprise for implementing e-commerce projects in the Chinese Mainland.
- **Stamp duties** payable on the transfer of real estate investment trust (REIT) units and the jobbing business of option market-makers **will be waived**.
- Allocate over **HKD1.09 bn** (USD139 m) to strengthen **tourism** development and organise events
- Earmark **HKD100 m** (USD12.8 m) to boost **mega-event promotions** for the next 3 years.
- Allocate **HKD65 m** (USD8.3 m) to concessionary measures for **Hong Kong-registered ships that have attained a high rating under international standards of decarbonisation**.
- Move towards implementation of **15% global minimum tax** under the OECD’s proposal.
- Propose a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25: **First HKD5 m to be taxed at 15% and the remainder at 16%**. Salaries tax: Taxpayers taxed at progressive rates will not be affected.
- Increase the **duty on cigarettes** by 80% per stick, with immediate effect.
- Innovation: Set aside HKD2 bn (USD256 m) out of the HKD10 bn (USD1.28 bn) earmarked to support the **InnoHK research clusters** for establishing presence in the Lok Ma Chau Loop and HKD200 m (USD25.64 m) to **assist startups** in life and health technology through incubation programmes. Allocate HKD3 bn (USD384 m) to **Frontier Technology Research Infrastructure Support Scheme**. Allocate HKD3 bn to Cyberport to launch a three-year **Artificial Intelligence Subsidy Scheme**. Allocate HKD10 bn (USD1.28 bn) **New Industrial Acceleration Scheme** to support life and health technology, AI and data science, advanced manufacturing and new energy technology with funding support of up to HKD200 m (USD25.64 m) on a matching basis.
- Inject about **HKD1.4 bn** (USD179 m) and **HKD2.9 bn** (USD371 m) into the **Film Development Fund** and the **CreateSmart Initiative** respectively to support projects in various areas such as film, arts and design.

[DSD](#) [SCMP1](#) [HKFP](#) [HKGov](#) [SCMP2](#) **Feb 28**

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