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Switzerland

Swiss watch exports jump again in June as demand stays strong

Swiss watch exports jumped again in June as demand for pricey luxury timepieces from the US and China (and Hong Kong) stayed strong. Shipments surged by 14% last month to CHF2.4 billion (USD2.8 billion), the Federation of the Swiss Watch Industry said Thursday. The increase underscores continued demand for expensive watches from brands including Rolex, Omega, Patek Philippe and Vacheron Constantin despite concerns that shaky economic growth and higher prices might stall consumer interest. In first half of the year, the key Swiss sector's exports rose 12% to CHF13.3 bn. Last year, shipments reached a record. The appeal of Swiss watches was not affected by the challenging context in economic or geopolitical terms. On the production side, however, firms continued to face a shortage of labour, as well as supply difficulties. [Bloomberg FHSPressRelease](#) Jul 20

FAA eyes VR from Swiss Startup to train chopper pilots

A small Swiss technology start-up has been selected to redesign helicopter pilot training in the US using VR headsets. The FAA will test the technology in flight simulators for the first time and has received systems from Zurich-based Loft Dynamics. CEO Fabi Riesen is a guest of Caroline Hyde and Ed Ludlow on "Bloomberg Technology". [Bloomberg](#) Jul 18

How China's reopening fuelled a rebound in Swatch Group sales

The Swiss watchmaker's first-half earnings exceeded pre-pandemic levels for the first time, while sales in Hong Kong tripled. Swatch Group AG, which makes Omega and Longines watches, saw its operating profits increase 36 per cent in the first half of 2023, while stocks rose as much as 6.6 per cent. An increased demand for the popular Omega MoonSwatch collaboration has also sparked a renewed interest in watches in the accessible segment, with management seeing 'excellent' growth opportunities. [SCMP](#) Jul 14

Foreign Policy / International Relations

US will not invite sanctioned Hong Kong leader to APEC

The United States will not invite Hong Kong's chief executive, who faces U.S. sanctions, to visit San Francisco during November's Asia-Pacific Economic Cooperation summit, two congressional aides said on Friday. The U.S. is set to host this year's gathering of leaders of APEC, of which Hong Kong is a member. Hong Kong's top official John Lee was placed under U.S. sanctions in 2020 because of his role in implementing what Washington deems a "draconian" Hong Kong national security law when he was the city's security secretary. Reuters reported in June that a group of lawmakers, including Republican Senator Marco Rubio, sent a letter to the U.S. State Department urging it to bar Lee from the U.S. The Washington Post on Thursday reported the U.S. decision on Lee, citing U.S. officials, and on Friday two congressional aides confirmed to Reuters that the State Department had notified members of Congress that Lee would not be invited. [TS](#) Jul 29

Hong Kong, Singapore ties ready to 'ramp up'

It's time for Hong Kong and Singapore to "ramp up relations" again, says Prime Minister Lee Hsien Loong in a meeting with Chief Executive John Lee Ka-chiu. For starters they agreed to relaunch the civil service staff exchange program, which was halted during the pandemic. On the second day of his Southeast Asian trip, John Lee was welcomed by the Singaporean leader in a lunch meeting at the official residence of the president. [TS](#) Jul 25

US bill that could close HK's trade offices advances in Senate; gov't slams 'gross interference'

In February, US senators Marco Rubio and Jeff Merkley introduced the Hong Kong Economic and Trade Office (HKETO) Certification Act. The proposed act would require the White House to remove the privileges, exemptions, and immunities given to all the Hong Kong trade offices in the US if it decided that "Hong Kong no longer enjoys a high degree of autonomy" from Beijing. This draft bill that could shut down Hong Kong's economic and trade offices in the US was approved by the Senate Committee on Foreign Affairs last Thursday, bringing it closer to becoming law. The action was strongly condemned by the Hong Kong government and the city's commerce chief. [HKFP](#) Jul 19

US Treasury warned Hong Kong banks on tech exports to Russia

US Treasury officials quietly visited Hong Kong last month to urge the central bank, financial institutions, law firms, consultancies and industry groups to do more to curb the flow of advanced American-made technology from the city into Russia. The meeting underscores Washington's concerns that US-made chips are still finding their way into Russia, despite sanctions imposed following the invasion of Ukraine. Hong Kong has become a major hub of high-value exports of chips to Russia, through small trading routes with the help of mainland China. [Nikkei Asia](#) Jul 6

Mainland

Beijing appoints Dong Jingwei as Hong Kong national security commissioner

Beijing on Tuesday appointed a commissioner to oversee its national security apparatus in Hong Kong, which was first set up three years ago under a sweeping law designed to quell dissent. China's State

Council announced in a two-line statement that Dong Jingwei had been appointed the financial hub's commissioner of national security. The new commissioner's appointment comes after Hong Kong leader John Lee, himself a previous security chief, reiterated in June that his administration seeks to create another law with a focus on espionage next year. Hong Kong's new national security chief was deputy minister in mainland China's counter-espionage services. [HKFP](#) [SCMP](#) [RTHK](#) Jul 18 & 19

Mainland and Hong Kong sign agreement on data flow in Greater Bay Area

The Cyberspace Administration of China and the Innovation, Technology and Industry Bureau of the Government of the Hong Kong Special Administrative Region signed a memorandum on Thursday to promote cross-boundary data flow in the Guangdong-Hong Kong-Macao Greater Bay Area. To facilitate cross-boundary data flow in the GBA in a safe and orderly manner, Zhao Zeliang, deputy director of the CAC, and Sun Dong, the secretary for ITIB, signed the Memorandum of Understanding on facilitating cross-boundary data flow within the Guangdong-HK-Macao Greater Bay Area in Beijing. [ChinaDaily](#) Jun 30

Domestic Policy / Politics

HK's economic recovery loses steam in Q2 as preliminary data shows 1.5 per cent growth

Hong Kong's economic growth slowed to 1.5 per cent in the second quarter from a year ago, the latest sign that expansion had lost momentum, preliminary figures show. While the economy was improving, fuelled by rebounding inbound tourism and consumer demand, expansion was slower than the 2.9 per cent growth recorded in the first quarter, a government spokesman on Monday said. Merchandise exports remained weak amid uncertain global demand, authorities said. [SCMP](#) Jul 31

Press freedom index dips further as journalists say they are hesitant to criticise Beijing

The Journalists' Association's press freedom index has dipped further, largely due to journalists being hesitant to criticise the central government. Another survey done by the Foreign Correspondents' Club found that almost 70% of journalists in HK said they have self-censored in their own writing. Meanwhile, the authorities have launched new ways for library users to report titles that are inappropriate or endanger national security in support of continued efforts to remove books that might breach city laws. [HKFP](#) Jul 6

Bill to revamp district councils backed, cuts directly elected seats; EU hit out at the overhaul

The Legislative Council unanimously backed a bill that will slash the number of directly elected seats on District Councils, completing an overhaul of the city's electoral system in line with Beijing's 'patriots-only' governance principle. Beijing said that the overhaul would get the municipal bodies back on the 'right track' after they were used by 'anti-China factions' as a way to disrupt the running of the city. Meanwhile, the EU hit out at the District Councils overhaul and said it went against a commitment to democratic representation set out in the Basic Law. The HK gov urged the EU to clarify and apologise for the fallacies in its statement. In a statement, a government spokesperson said that to describe the District Council as part of the so-called 'democratic development' is merely an unfounded and deliberate misrepresentation. [SCMP](#) [TS](#) [RTHK](#) [EU Statement](#) [HKSARG statement](#) Jul 6

Economy

Banks hit home with rates rises

Banks raised prime rates by 0.125 percentage points yesterday, after Hong Kong's de facto central bank increased the base rate in lockstep with the US Federal Reserve. The Hong Kong and Shanghai Banking Corp took the lead in pushing up its prime rates by 12.5 basis points to 5.875 percent, marking a new high for 15 years. [TS](#) Jul 28

Malaysia, Hong Kong plan economic hub near Singapore border

Hong Kong will join Malaysia in developing an economic hub in southern Johor, near the Singapore border, as Malaysia looks to tap the land development potential near the site of an upcoming cross-border rail link. Malaysia's MRT Corp. and Hong Kong's MTR Corp. signed a memorandum of understanding to develop a six-acre land for mixed use in Bukit Chagar on Friday, as part of Hong Kong Chief Executive John Lee's visit to Malaysia. [TS](#) Jul 28

HK surges up in world rankings for expat pay package

Hong Kong climbed three notches to become the fifth place globally with the highest expatriate pay and benefits package last year, thanks to a relatively strong Hong Kong dollar, according to a study by human resources consultancy ECA International. Its ranking rose despite the total value of a typical expat package falling 2% to USD278'020 (HKD2.17 million) in the financial hub compared to 2021, with the costs of salaries and benefits dropping by USD2'400 and USD1'600, respectively. [TS](#) Jul 27

Talent war among banks and insurers drives up pay

An exodus of workers and a surge in new business from China have combined to spark a talent war among banks and insurers in HK, driving up wages for new recruits by as much as 30 percent. While investment banks are cutting staff as China deal flow stalls, it is a different story in the insurance, banking, back office and wealth management sectors. Natixis estimates there are roughly 4,000 unfilled jobs in the industry. "The easy and short answer is there's shortage in pretty much every single area within banking," with the

exception of dealmaking, said managing director at Michael Page Hong Kong Olga Yung. The pandemic and crackdown on civil liberties have prompted thousands of residents to leave HK in recent years, leading to a drain on the financial sector, which employs more than 270,000 people. [TS](#) Jul 20

Borrowing cost to raise further while HK saw a 19-year low in investment property transaction

Eleven of 13 analysts surveyed by the SCMP on Monday expect Hong Kong lenders to increase their prime rates by at least 12.5 basis points next week. That would deliver a blow to consumers servicing HKD1.83 trillion (USD232 billion) of outstanding home mortgages, as well as delay a recovery in the city's real estate market and economy. The upshot is that it could help stem capital flight to higher-yielding US dollar assets. In Q2, Hong Kong saw sales of commercial real estate and residential buildings fall to a 19-year low in the second quarter as high interest rates took a toll on investment property transactions. [SCMP1](#) [SCMP2](#) [Bloomberg](#) Jul 12 & 18

HK insurance industry's new capital rules will lift risk management standards

HK's lawmakers on July 6 passed a new bill, which will provide the legislative framework for the city to introduce a risk-based capital (RBC) regime for the local insurance industry next year, the Insurance Authority said in a statement last week. The new law ensures that insurers maintain appropriate capital and solvency levels based on their risk exposure and by adopting such a risk-based mechanism authorities aim at promoting financial soundness in the industry. Under the new regime, insurers will need to inject additional capital based on the level of risk posed by the tenor and nature of their products, with the shorter term products and simple claims demanding less capital and longer term policies with guaranteed payments requiring higher capital backup. [Statement SCMP](#) Jul 16

Hong Kong spent millions lobbying in the US report but US bill could close its trade offices

The HK government has spent millions of dollars lobbying in the US on issues related to the territory's policy and economic trade over nine years, a report published by the Hong Kong Democracy Council found. The report found the Hong Kong Trade Development Council had paid nearly USD15 million (EUR13.8 million) since 2014 for access to the corridors of power in Washington through lobbying, legal and consulting firms. Lobby firms assisted in arranging meetings between representatives of the Hong Kong Economic Trade Office and members of congress. Meanwhile, a US Senate Committee has passed a bill that could shut down the city's three economic and trade offices in America if the financial hub isn't deemed significantly autonomous from Beijing. Hong Kong condemns the bill and says in a statement: The legislation amounts to "gross interference in the affairs of Hong Kong". The bill, known as the Hong Kong Economic and Trade Office Certification Act, could lead to the end of immunities and exemptions for the city's US-based trade offices, or have their operations shut down altogether. US Republican lawmakers have accused the agencies of serving as a "mouthpiece" for the Chinese Communist Party. [Nikkei Asia](#) [Bloomberg](#) Jul 6 & 14

Office rents and rental values to decline further amid uncertainties about global economies

"Office leasing momentum has remained slow in recent months on the back of prolonged uncertainties in the global economic outlook," said Marcos Chan, head of research at CBRE Hong Kong. Vacancy levels rose in the first half of 2023 to 15.7% and will continue to rise as new developments are completed and enter the market, said Chan, adding that rents are expected to edge down by another 1 to 2 per cent in the second half. [SCMP](#) Jul 4

HK to prioritise boosting ties with Saudi Arabia

Hong Kong is prioritising boosting ties with Saudi Arabia, with more investment possibilities between the two places to be outlined at the Belt and Road Summit in September. Chief Executive Lee said to mark the launch of the Hong Kong chapter of the Saudi Arabia – China Entrepreneurs Association (SCEA) and to welcome an official delegation from the Middle Eastern country. [SCMP](#) Jul 2

HK slides out of top five IPO spots while inbound tourism and local consumption increased

HK fell out of the top five global listing venues in the first half of this year after the fundraising amount from initial public offerings inched up 1% to just HKD17.8 bn (EUR 1.08 bn), KPMG said. Meanwhile, HK's retail sales jumped by 18.4% in May over a year ago, which the government attributed to tourists returning and residents splashing out amid better labour market conditions and HKD30 bn in electronic consumption vouchers to entice spending. Provisional figures released by the Census and Statistics Department on Monday showed retail sales hit HKD34.5 bn (USD4.5 bn) in May, slightly lower than the HKD34.7 bn recorded in the month before. The 18.4% growth marked the sixth consecutive month of improved retail sales over last year's figures. Across the first five months of the year, total retail sales increased by 19.2% compared with the same period in 2022. Retail sales for the month surged by 51.8 per cent over last year for jewellery, watches and clocks, and valuable gifts. [TS Reuters](#) [SCMP](#) [SCMP2](#) Jul 1, 3, 4

Macao

Visitor arrivals to Macao top 11 million in first half of this year

Visitor arrivals to Macao exceeded 11.645 million in the first half of this year, the Macao Government Tourism Office said on Saturday. The daily average of visitors topped 64'000, a rebound to 59.6% of the figure in 2019, according to provisional figures from the office. International visitor arrivals neared 475'000 in the first six months, equivalent to 31.2% of the corresponding figure in 2019. Hotel occupancy rate averaged 80.1% between January and June, merely 10.7 percentage points lower than the rate of 90.8% in 2019. [Xinhua](#) Jul 15

Special Focus: National Security Law – Is China tightening its grip?

HK security law Art. 23 target ‘modern-day espionage’ and ‘internet loopholes’

The authorities are considering cases of “soft resistance” and “internet loopholes” when drafting Article 23 – the city’s own security law, Secretary for Security Chris Tang told state-backed newspaper Wen Wei Po on Monday. The local government has said that it will finish legislation of Article 23 no later than the end of next year, but the draft has not been disclosed and tabled yet. Tang, the city’s leader John Lee, and justice chief Paul Lam have each spoken about enacting the legislation in recent months. [WWP HKFP](#) Jul 17

National security police places HKD1m bounty each on eight wanted over alleged collusion

National security police placed a HKD1 mio (EUR 117'000) bounty on each of the eight self-exiled activists over alleged collusion with foreign countries or external elements. The eight are: former pro-democracy lawmakers Ted Hui, Nathan Law and Dennis Kwok as well as lawyer Kevin Yam, activists Elmer Yuen, Anna Kwok, Finn Lau and Mung Siu-tat. Kwok said that she will continue with her advocacy work. The UK Foreign Secretary James Cleverly described the decision as an example of ‘the authoritarian reach of China’s extraterritorial law.’ The US State Department condemned the move, saying it set ‘a dangerous precedent that threatens the human rights and fundamental freedoms of people all over the world.’ Separately, Yoshiaki Ogawa, a Japanese journalist known for his coverage of HK’s protests, was barred from entering the city days before 1 July. Chief Executive John Lee said eight overseas-based Hong Kong activists who were issued with arrest warrants for alleged national security offences would be ‘pursued for life.’ [TS Guardian](#) [SCMP](#) [Nikkei Asia](#) [RTHK](#) [HKFP](#) [Reuters](#) [SCMP](#) [Reuters](#) [RTHK](#) Jul 3, 4 & 5

China will keep Hong Kong’s capitalist ways

HK’s decision to target overseas dissidents with HKD1 mio bounties has renewed fears that China is tightening its grip. What’s next? Will Beijing change the society’s easygoing ways and export its “common prosperity” drive to the city, once labelled by the libertarian economist Milton Friedman as the “freest market in the world”? [Bloomberg](#) Jul 6

Hong Kong, Beijing slam 8 EU Parliament members for slandering national security law

Beijing and the HKSAR government have decried calls by some members of the European Parliament for sanctions against officials over the national security law as the city marks the anniversary of its return to Chinese rule. The HKSAR government also expressed strong dissatisfaction and opposition towards some members of the US Senate and the UK Parliament for smearing ‘one country, two systems’ and slandering the national security law. Meanwhile, Beijing-controlled paper Ta Kung Pao published a commentary criticising the ‘double standard’ of the western world. The writer believed that it is a double standard for western politicians to criticise Hong Kong police in the 2019 protests but not saying a word about French law enforcement officers arresting around 3'000 people in recent protests. [SCMP](#) [RTHK](#) Jul 1

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