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Foreign Policy / International Relations

Group calls for sanctions on Hong Kong judges handling national security cases

The Hong Kong Democracy Council, a Washington-based advocacy group led by an exiled Hongkonger, has called for sanctions against Hong Kong judges handling cases related to the Beijing-imposed national security law and also on a committee overseeing the legislation, saying the city has one of the fastest-growing populations of 'political prisoners' in the world. The group also urged overseas non-permanent judges in the Court of Final Appeal to resign, and called on the US government to expedite the creation of humanitarian pathways for what it described as 'politically persecuted Hongkongers' in a report. It was highlighted that there were 1 014 political prisoners in Hong Kong since June 2019, with 582 of them currently in custody, while 432 had been released after completing their sentences. More than three-quarters of them are under the age of 30. [SCMP RFA VOA](#), 24 May

25% jump in number of Hongkongers applying for BN(O) scheme

Some 123 400 Hongkongers have applied for the British National (Overseas) visa scheme since January 31 last year, with 92% of them successful. According to figures released by the British government, there were 19 500 applications for the scheme between January and March, a 25% jump compared with the preceding three months with immigration consultants attributing the rise to families applying ahead of the new school year. Canada, Australia have offered alternative routes, but immigration experts say BN(O) and Canadian programmes will remain most popular. [SCMP](#), 26 May

Chinese foreign ministry slams EU annual report as interfering internal affairs

Chinese Foreign Ministry Spokesperson Wang Wenbin said at a press conference on 23 May that the EU report on Hong Kong and Macao confound right with wrong in flagrant violation of international law and basic norms governing international relations, and constitute gross interference in China's internal affairs. China strongly deplores and firmly rejects this. He urges the EU to respect basic facts, view the achievements of Hong Kong and Macao's socioeconomic development and the principle of 'one country, two systems', to give up arrogance and prejudice, change its old habit of lecturing others, and take real actions to honor international law and basic norms governing international relations to avoid affecting the development of China-EU relations. [HK01 FMPRC's remarks](#), 23 May

EU annual report says HK took authoritarian turn in 2021 under Beijing-imposed legislation

Hong Kong has taken "an authoritarian turn" with its fundamental freedoms further deteriorating in 2021 under the national security law, the European Union has said in an annual report. The EU said the "erosion" in 2021 of the city's high degree of autonomy and its rights and freedoms protected under the Sino-British Joint Declaration until 2047 had "rapidly accelerated". China's foreign ministry office in Hong Kong, Hong Kong and Macao's authorities and the Mission of the PRC to the EU hit back at criticism, calling comments 'unfounded'. The office said that democracy, rights and freedoms are not a pardon for illegal and criminal activities, let alone an excuse to interfere in the internal affairs of other countries. It urges the EU to take off 'tinted glasses' and see Hong Kong's bright future. [HKGov](#), [SCMP](#), [COMFA](#), [EEAS](#), May 20 & 21

Domestic Policy / Politics

National security police demand online media outlet remove 'sensitive' content

Wong Yeung-tat, the founder of local digital media outlet *Passion Times*, said he had received a notice from the National Security Department of the police on Wednesday morning asking for some 'sensitive' content to be deleted. The head of the digital outlet also founded Civic Passion, a political party with roots in the localist movement that was considered to be a more radical faction of the broader opposition camp. Wong quit the group and continued to run *Passion Times* independently, before the party disbanded last September when its chairman Cheng Chung-tai was ousted from the legislature after being ruled not 'patriotic' enough for public office. [SCMP HKFP The Standard](#), May 18

Beijing and Hong Kong hit back at western criticism of Hong Kong national security arrests

Beijing and Hong Kong have hit back at western criticism of Hong Kong's latest arrest of activists, including a 90-year-old Catholic cardinal. China's Foreign Ministry in Hong Kong "expresses strong disapproval and opposition, emphasizing that 'rights and freedoms' are not a 'shield' for illegal activities in Hong Kong,". Chinese foreign ministry's local office also hits back at US House Speaker Nancy Pelosi, who praised Zen as 'outspoken champion of democracy'. Meanwhile, Hong Kong's next leader John Lee has dismissed criticism from the West over the recent arrests of a cardinal and four other opposition activists, saying Hong Kong remains a place with the rule of law, where only criminals are targeted and not dissent. [HKFP](#), [SCMP](#), [SCMP2](#), May 12, 13 & 15

'Patriots only' LegCo passes HK\$700 billion budget with no objections

Hong Kong's legislature has passed the administration's estimated HK\$700 billion (EUR 84 billion) budget that covers digital vouchers, tax breaks and a raft of subsidies to provide relief to those affected by the fifth wave of coronavirus infections. The bill was approved with 87 supporting votes and no objections. Social welfare sector representative Tik Chi-yuen, the sole non-establishment member in the 90-strong LegCo,

voted to abstain. Tik said he did not support the budget because it indicated that the government would cut the social welfare sector's lump sum grants by 1%, equivalent to HK\$200 million (EUR 24 million), an amount higher than previous years. [SCMP](#) [The Standard](#) [HKFP](#), May 4

More posts under security framework

Secretary for Security Chris Tang said at a LegCo security panel meeting that the authority is planning to add three permanent directorate posts in the police force and another four permanent deputy director posts for correctional services, customs, fire services and immigration. Tang said the new posts are in response to the continually changing environment of politics and police work. Meanwhile, the undersecretary for security, Sonny Au, said an advance passenger information system will be set up to prevent potential nonrefoulement claimants from arriving in and to enhance the anti-terrorism work. He said the system would detect people who could endanger national security and affect Hong Kong's internal security and that residents and those exiting would not be affected. [The Standard](#), May 4

Hong Kong plunges to record low 148th in world press freedom rankings

According to a report released by Reporters Without Borders on World Press Freedom Day, Hong Kong's press freedom ranking has plunged to a record low, falling 68 places to 148th among 180 locations, sandwiched between the Philippines and Turkey. The report said since two major independent news outlets – Apple Daily and Stand News – were shut down last year, numerous smaller-scale media outlets also ceased operations, citing legal risks. The report marked that the national security law enshrines 'freedom of speech, of the press and of publication' but due to its ambiguous phrasing, the law looks like it could apply to any journalist covering Hong Kong, regardless of their location. Hong Kong Journalists Association said the ranking reflects the past year of turmoil Hong Kong has been through. [SCMP](#), [HKFP](#), May 3

Economy / Finance

Hong Kong ends accounting pact after rejecting US waiver demand

Hong Kong's accountant body said it failed to reach an accord to prolong an 11-year mutual recognition agreement with the US amid a dispute over local qualifications. The agreement with the US International Qualifications Appraisal Board (IQAB), first signed in 2011 and renewed in 2020, will no longer be effective when it expires on December 31, according to a statement by the Hong Kong Institute of Certified Accountants (HKICPA), the city's accounting guild, with 45 000 members. 'The institute and IQAB could not come to an agreement over the recognition of experience obtained in the US towards meeting the one-year local experience requirement for overseas-trained accountants to practise in Hong Kong, and therefore could not proceed on the renewal of the mutual recognition agreement,' the HKICPA said. [SCMP](#) [HKET](#) [Headline Daily](#) [Ta Kung Pao](#) [VOA](#) [Bloomberg](#) [HKICPA's statement](#), 26 May

Unions endorse suggestion to raise civil servants' pay by up to 7.26%

Civil servants moved closer to getting a pay rise of up to 7.26% after the Pay Trend Survey Committee stood firm on its proposal yesterday despite criticism the figures were exaggerated. The 2022 pay trend report, released on May 18, which will affect the pay rise of the government's 180 000 workforce, recommended a 2.04% increase for junior civil servants, 4.55% for mid-ranked staff and 7.26% for senior ones. The report drew fire from the Hong Kong Chinese Civil Servants' Association, which said the report showed exaggerated figures as those hardest hit during the pandemic would not opt to provide their salary statistics. [SCMP](#), May 25

HSBC sets aside US\$5 billion in sustainable financing to fund projects in the GBA

HSBC has launched a US\$5 billion sustainable finance scheme to support companies in the Greater Bay Area (GBA) that are aiming to lower their carbon emissions. The bank's GBA Sustainability Fund, which runs for 18 months, will accept applications from companies of all sizes based in the southern China megalopolis of 11 cities that engage in activities to lower their carbon emissions, according to a statement on Tuesday. [SCMP](#), May 17

Expect jobless rate to worsen, finance chief warns

Financial Secretary Paul Chan urged residents not to be too pessimistic about a downward revision in Hong Kong's growth forecast for this year, which was last week cut to between 1 and 2% for 2022 from previous projections of 2 to 3.5%. In his weekly Sunday blog, Chan also expected the unemployment rate for the February-April period, which is to be released this week, to worsen again as it was amid the peak of the Covid waves in Hong Kong. But he added that as long as the Covid is under control, the jobless rate and the economy overall are expected to gradually improve. Meanwhile, Chan said while there have been capital outflows due to interest rate hikes by the US Federal Reserve, the scale is relatively small compared to the cumulative inflow, adding that abundant foreign-exchange reserves will help to maintain the city's currency peg to the greenback. [The Standard](#) [SCMP](#) [RTHK](#), May 15

Retail sales plunge again in March on virus curbs

Hong Kong's retail sales plummeted 13.8% in March, the first back-to-back contraction in more than a year as stringent virus restrictions weighed heavily on the economy and crushed consumer spending. The fall in sales value from a year earlier was worse than the median estimate of a 12.6% decline expected by

economists in a survey, though it was less than the 14.6% drop in February. Sales volume fell 16.8% from a year ago, the Census and Statistics Department said Thursday, roughly in line with economist expectations. [Bloomberg The Standard](#), May 5

Hong Kong raises rate by half point, in biggest one-time move since 2000

Hong Kong's cost of money soared by the most in 22 years as the city's de facto central bank followed the US Federal Reserve to usher in an era of faster, bigger rate increases, even while the local economy is reeling from a slump. The city's base lending rate rose by 50 basis points to 1.25%, after the Fed raised its rate by half a point, according to a statement by the Hong Kong Monetary Authority (HKMA). That marked the biggest one-time increase in Fed rates since 2000. 'The interest rate adjustment will come at a much faster pace than the last cycle,' HKMA's chief executive Eddie Yue said in a media briefing after announcing the monetary policy, warning borrowers to 'carefully assess and manage the relevant risks' in borrowing. [SCMP The Standard](#), May 5

Economy shrinks by a worse than expected 4% in first quarter

Hong Kong's gross domestic product shrank by 4% during the first quarter of 2022, worse than previously expected by analysts, as businesses were hammered by a fifth wave of coronavirus infections and a fresh outbreak across the border in mainland China. According to preliminary data released by the Census and Statistics Department, the contraction is the city's first since the fourth quarter of 2020. The figure was worse than the median 1.3% decline estimated by 11 economists. The Department found that all of the indicators for economic performance, such as private consumption and unemployment levels, worsened between January and March. [SCMP The Standard](#), May 3

COVID-19

Business group warns Hong Kong travel curbs a 'nightmare'

Hong Kong's stringent pandemic travel restrictions, including frequent flight bans, are a 'nightmare' for businesses despite a recent easing of the rules, the European Chamber of Commerce (Eurocham) has said. The business group published a letter to Chief Executive Carrie Lam on Wednesday urging her to drop the 'circuit breaker' mechanism for flights, which temporarily suspends a route when an aircraft brings in too many infected passengers. Eurocham highlighted that their members and other residents have been reporting almost daily that they are unable to find their way back to Hong Kong or see their business travel being cancelled. [The Standard Eurocham's letter](#), May 5

Macau

Beijing promotes liaison office deputy director to head

The State Council has announced that 58-year-old Zheng Xincong, a mainland official posted to Macau last July as a deputy director of Beijing's liaison office in Macao, has been appointed as the new director of the agency. Some political scientists said promotion could be part of policy by Beijing to prevent agency from developing close relations with local authorities. [SCMP](#) May 31

Inflation rate stands at 1.06% in April

The year-on-year inflation rate in Macao rose to 1.06% in April, due to the increases in the wages of domestic workers and the prices of meals away from home, fuel, electricity and plane tickets. The decrease in house rents and the reduction in the prices of telecommunications services and pork attenuated part of the increase in the consumer price index, indicated, in a statement, the Directorate of Statistics and Census Bureau. [Macao Business](#), 24 May

Discount window base rate raised to 1.25%

The Monetary Authority of Macao (AMCM), the city's de facto central bank, today raised the base rate for the discount window by 50 basis points to 1.25%. The discount window is a lending instrument that allows eligible institutions to borrow money from the central bank – usually on a short-term basis – in the wake of temporary shortages of liquidity. As the Macao pataca is linked to the Hong Kong dollar, the movements of policy rates in Hong Kong and Macao should be consistent in order to maintain effective operation of the linked exchange rate system, according to AMCM, which followed the Hong Kong Monetary Authority to adjust its base rate. [Macao News Macau Business](#), May 5

Gaming revenue plunging 68% from a year earlier, lowest level in 18 months

Macao's gaming revenue slump deepened in April, plunging 68% from a year earlier to the lowest level in about 18 months as the world's biggest gambling hub suffers from a tourist drought amid China's Covid-19 lockdown measures. The results were slightly lower the median analyst estimate of a 66.5% year-on-year decline. In March, the city already reported a 56% drop in gaming revenue. [The Standard](#), May 2

Special Focus: Chief Executive Election

Xi Jinping praises John Lee as patriot, expresses confidence in 'new chapter' for Hong Kong

President Xi Jinping praised Hong Kong's incoming leader as a 'firm patriot' dedicated to safeguarding national security, and expressed confidence in John Lee's ability to take the city to new heights saying that

the central government fully recognises his previous work and also fully trusts him. Lee received his formal letter of appointment from Chinese Premier Li Keqiang and the president stressed the central government's commitment to the 'one country, two systems' principle had 'never been shaken' and would not change. He added that the three elections held in Hong Kong - for the Election Committee, the Legislative Council and for the chief executive - proved the new 'patriots-only' electoral system is effective in implementing the 'patriots ruling Hong Kong' principle. Lee expressed his 'sincere gratitude' for the central government's trust and the appointment of him as the next chief executive by saying that it is the glory of his life and he is fully aware of the great responsibility upon me. It is understood that Lee submitted the list of his cabinet to state leaders for approval during the meeting. [SCMP](#) [The Standard](#) [RTHK](#) [HKFP](#), May 31

Chinese premier approves John Lee's appointment as next Hong Kong leader

Chinese Premier Li Keqiang has called for unity and urged Hong Kong's chief executive-elect to 'turn a new chapter' in the 'one country, two systems' principle governing the city, as he formally approved the appointment of John Lee to the top job ahead of his swearing-in this July. John Lee is expected to meet Chinese President Xi Jinping when he travels to Beijing this week to accept the letter officially approving his appointment as chief executive and present the finalists for his team to the central government for its approval. [RTHK](#), May 20

Chinese and Western diplomats trade barbs over leadership election

Josep Borrell, the European Union's top diplomat, said on Sunday that the election was 'yet another step in the dismantling of the "one country, two systems" principle'. The Group of Seven nations and the European Union call the chief executive election an attack on established freedoms and Beijing and Chief Executive-elect John Lee defend the need for 'patriots' to decide who governs. The G7 grouping of the richest democracies released a statement on Monday expressing 'grave concern over the selection process' of Hong Kong's new leader, describing it as 'part of an ongoing assault on political pluralism and fundamental freedoms'. Beijing office in Hong Kong responded furiously, demanding that the EU 'immediately stop meddling in Hong Kong affairs'. Beijing and John Lee defended the process as a democratic one tailored to the city's situation. [SCMP](#), [SCMP](#), May 9

'Democracy with Hong Kong characteristics': Beijing hails leadership poll

In a 5,000-word article, the State Council's Hong Kong and Macau Affairs Office lauds election for its orderliness and commends John Lee as a good leader for HK. It is stated that the poll is a new step in democratic development locally and expressed confidence that the city will reach new heights in the next five years. Political analyst says Beijing's praise and statements of confidence reflect its high hopes for Lee, as well as its concerns about city amid global economic uncertainties. It aimed at setting the tone for the city's near future, as well as listing Beijing's expectations for Lee's administration. [SCMP](#) [HKFP](#), May 8

John Lee's score in Hong Kong chief executive election, 8 said 'no', 4 blank ballots

Eight members of the powerful Election Committee dominated by Beijing loyalists voted against sole Hong Kong chief executive candidate John Lee Ka-chiu on Sunday, while another four cast blank ballots. Out of 1,428 valid votes cast, Lee secured 1,416, or 99.2%, the highest proportion obtained by anyone standing in a leadership race since Britain handed the city back to Chinese rule in 1997. Thirty-three members did not take part in the voting. In his first press conference since being elected as the new leader, Lee said the high degree of support shown has given him 'strong confidence' that his governance approach has their wide support, adding that the tens of thousands of messages from people his campaign had received gave him a deeper understanding of the needs and demands of all stratas of society. Analysts predicted that Lee will be the most obedient chief executive in history to Beijing. The most important tasks Beijing assigned to Lee will include the legislation of Article 23 of the Basic Law, enforcing firmly the national security law, and promoting patriotic education for locals at the aim of strengthening Beijing's ruling over the city. Western multinationals congratulated the new leader. [SCMP](#), [RTHK](#), [HKFP](#), [The Standard](#) May 8 and 9

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