

ECONOMY

BEIJING ASKS FOR FOREX COOPERATION

Sony, BMW and Visa among foreign firms China hopes will offer help in stemming capital outflows**Wendy Wu**
wendy.wu@scmp.com

China's foreign exchange regulator has asked for cooperation from multinationals, including Sony, BMW, Daimler, Shell, Pfizer, IBM and Visa, to manage and control the flow of capital out of the country.

The request was made public in a report on the website of the State Administration of Foreign Exchange after the regulator's chief addressed a delegation of foreign businesses operating on the mainland at a symposium in Beijing on Wednesday.

"A stable and good foreign exchange market is in line with the common interests of regulators

and market players and it requires joint efforts from all sides," Pan Gongsheung was quoted as saying.

The meeting came as many foreign businesses are complaining, albeit privately, about Beijing's tightened controls and vetting of outbound remittances and payments as it attempts to stem the flow of cash out of the country after the yuan weakened against the US dollar.

The government says it is merely implementing existing rules and regulations and it has not imposed any fresh capital account control measures.

Jacob Parker, vice-president of the US-China Business Council, told the *South China Morning Post* last week that Beijing's capital account controls had

affected the dividend payments of its members.

"Our companies fully understand the rationale behind [capital controls] to ease the downward pressure on the yuan and they support that goal."

"Unfortunately, these restrictions are impacting not only capital account transactions, but also current account transactions," Parker said.

Joerg Wuttke, the president of the European Union Chamber of Commerce in China, told the *Post* the meeting this week had been extremely encouraging.

"Pan is very keen to know the technical issues that foreign industries have encountered in China," he said.

Beijing has sought to stem the

risk of constant capital outflows since late 2015 and efforts intensified late last year as Chinese overseas investment deals were called off and outbound remittances placed under extra scrutiny.

Details of the talks this week between the foreign exchange regulator and significant foreign investors on the mainland were not released on the website.

The report said both sides had "candid" exchanges and foreign firms had made "very good" suggestions about the regulator's management of foreign exchange.

A photo of the meeting published by the regulator showed about 30 people crammed into a meeting room, with Chinese offi-

cials sitting on one side of a table and corporate representatives on the other.

Capital outflows have eased since the start of the year, but many analysts expect the restrictions to stay in place for some time given the major uncertainties facing global markets.

These include the discussion over Britain's exit from the Euro-

pene Union, elections in France and Germany and uncertainties over the trade and economic policies of US President Donald Trump.

Pan, who is also a vice-governor of the People's Bank of China, said the regulator would further aid cross-border trade and investment to "better serve businesses and economic activities".

The regulator would also "firmly prevent cross-border capital flow risks and enhance foreign exchange market regulation according to laws" for a "healthy, stable and good" market, he was quoted as saying.

Parker said in last week's interview that "despite the positive rhetoric from [the central bank] at the local level, regulators continue to put quotas on banks for converting a certain amount of currency each month".

Climate change 'to make flights bumpier'

Rising levels of carbon dioxide will worsen air turbulence in the future, study warns

Stephen Chen
binglin.chen@scmp.com

Air passengers are likely to experience nearly double the frequency of severe turbulence during flights in the coming decades because of the impact of climate change, according to a scientific study published yesterday.

The research suggested that if the level of carbon dioxide in the atmosphere increases at projected levels by the middle of this century, severe air turbulence would increase by about 85 per cent compared with current levels.

Scientists said airlines might have to take more measures to avoid pockets of severe turbulence that could physically throw passengers around the cabin and cause structural damage to the aircraft.

"Today we are roughly halfway towards a doubling of CO₂ [compared with pre-industrial levels], so arguably we have already seen roughly half the turbulence increases, with a further half to come in the future decades," Paul Williams, the author of the study and an associate professor of meteorology at the University of Reading in Britain, said.

The study suggests that turbulence would increase by up to 188 per cent by mid-century compared with pre-industrial levels.

The research was published in the journal *Advances in Atmospheric Sciences* and was based on supercomputer simulations of a busy flight route connecting London and New York.

But Williams said the impact of increased levels of turbulence would be felt across the globe, including in Hong Kong and on the mainland.

Temperature rises caused by greenhouse gas emissions stimulate the creation of wind shear in jet streams in the atmosphere – and with it a much higher chance of turbulence.

"The jet stream encircles the entire globe, not just the north Atlantic. The mechanism driving stronger turbulence applies throughout the jet stream, at all longitudes," Williams said. "I fully expect severe turbulence to increase on other flight routes, too, such as trans-Eurasian and trans-Pacific flights. We need further studies to put some numbers to this expectation," he said.

There are various technologies available to smoothen or avoid turbulence for commercial aircraft, but they are not implemented mainly due to concerns about cost.

One solution is Lidar, or light detection and ranging radar. It emits a powerful laser that can tell the difference in air density ahead, something existing weather radar cannot detect, so pilots have time to take evasive action.

Dr Liu Bo, a laser radar researcher at the Institute of Optics and Electronics in Chengdu (成都) in Sichuan (四川) province, said: "Lidar technology is mature after decades of development. It has already been used on many general aviation flights for remote sensing."

The main obstacle, he said, was cost. But if the study's predictions were correct, there might be good business reasons to make the change, Liu said.

CRIME

Clemency plea for Hongkonger on death row in Java

Chief executive's office steps in as man convicted of drug trafficking in Indonesia faces execution

Phila Siu
phila.siu@scmp.com

Chief Executive Leung Chun-ying's office has made a formal plea for clemency to the Indonesian authorities for a Hong Kong man who has been sentenced to death for drug trafficking.

With the clock ticking for 39-year-old Anika Lai Shiu-cheung on the Nusakambangan Island, the notorious "Execution Island" in Central Java, Leung's office confirmed it had recently sent a letter to the Indonesian consulate in Hong Kong asking for clemency. Details of the letter were not disclosed.

Consul general Tri Tharyat told the *Post* that the letter had already been forwarded to the Indonesian foreign ministry.

"After that, the consular general will observe the process undertaken by the officials in Jakarta," the diplomat said.

Asked him to find a warehouse to store the goods first and then open a shop to sell them.

In April 2014, Lai was handling renovation issues at the shop, which was in a shopping mall. Several people suddenly stormed inside and beat him up.

"He thought it was robbery because they were pointing guns at him. They were searching the shop looking for something," Shiu said.

She claimed Lai was then taken to a vehicle where the attackers finally identified themselves as police officers. They were unable to communicate with each other because of the language barrier and Lai was taken to his hotel where he was beaten up again, she said.

The next day, Shiu claimed, Lai was taken to the warehouse where he had stored the preserved fruit, but found crystal meth instead, Shiu said.

In November 2014, Lai was sentenced to life in prison by the lower court. An appeal court upheld the lower court's decision in February 2015, but the top court sentenced Lai to death in September 2015. He was sent to the "Execution Island" last month.

Lai was not represented by lawyers in courts, Shiu said. She said Lai's former boss once flew to Indonesia to try to find him a lawyer, but it did not work out, with the former boss getting scammed HKS\$40,000 instead.

Shiu also said she did not have the opportunity to find legal representatives for her son. The first time Lai told Shiu that he was charged with drug trafficking was after the top court had already made its decision.

The charge sheets said Lai trafficked 91kg of crystal meth, but the court judgement said it was only about 423 grams, Shiu said.

The *Post* could not verify Shiu's accounts, but spoke with Democratic Party lawmaker James To Kun-sun, who is assisting the family. To is trying to obtain primary documents of the case. He hoped that the authorities could first stay the execution.

According to Shiu, the saga started in 2013 when a former colleague of Lai asked him to send a batch of preserved fruit from Hong Kong to Indonesia. Lai was told that he would be rewarded with HK\$100,000 once the job was completed.

But the middleman who was supposed to receive the preserved fruit in Jakarta was nowhere to be seen when Lai arrived in the country. Stranded with a big batch of the produce, the ex-colleague

continued from A1



Fourteen people, including the tram driver, who were aged between 23 and 64, were injured in yesterday's accident. Photo: Edmond So

Speeding could have caused tram to topple over

Tsui, derailed and flipped onto its left side on Des Voeux Road Central, near Bank Street, outside the HSBC headquarters. It passed through an S-shaped bend immediately before it crashed.

A police source said a passenger had complained that the tram was going too fast for most of the journey and swinging from side to side before it crashed. This was one of the factors that led to the driver's arrest.

The source said a speed recorder installed on board the tram was being examined by the Electrical and Mechanical Services Department, and would be passed on to police next.

Mechanical engineer and veteran traffic accident investigator Lo Kok-keung said it was common for trams to derail but in his decades-long career he had never heard of a tram toppling over in

such a manner.

"There is definitely a degree of danger because unlike other vehicles, trams cannot move freely, they rely on the tracks," he said.

"If I'm going down straight at 20km/h, I would reduce my speed by at least half or more before making a turn. Perhaps the driver did not have enough experience. It was very fortunate that no one

was hurt too badly because there are usually a lot of people crossing the road there."

The last known case of a tram overturning was back in 1983, when a concrete mixer rammed into one in Shau Kei Wan, injuring 21 people. In 1964, a speeding tram overturned and toppled over at a double-bend in Admiralty, killing one and injuring 59.

was hurt too badly because there are usually a lot of people crossing the road there."

The last known case of a tram overturning was back in 1983, when a concrete mixer rammed into one in Shau Kei Wan, injuring 21 people. In 1964, a speeding tram overturned and toppled over at a double-bend in Admiralty, killing one and injuring 59.

It's usually a 10-hour shift with overtime," she said.

Hong Kong Tramways said it was fully assisting in the investigation. No problems were found during a maintenance check on the tram last month.

The 14 victims, including the driver, aged 23 to 64, suffered minor injuries and 11 of them were sent to hospitals for treatment. Most were discharged yesterday.

CCTV footage showed a double-decker bus whizzing by at the time of the crash, but no collision was reported.

One solution is Lidar, or light detection and ranging radar. It emits a powerful laser that can tell the difference in air density ahead, something existing weather radar cannot detect, so pilots have time to take evasive action.

Dr Liu Bo, a laser radar researcher at the Institute of Optics and Electronics in Chengdu (成都) in Sichuan (四川) province, said: "Lidar technology is mature after decades of development. It has already been used on many general aviation flights for remote sensing."

The main obstacle, he said, was cost. But if the study's predictions were correct, there might be good business reasons to make the change, Liu said.

POLITICS

City's next leader prepares for first trip to Beijing

Tony Cheung
tony.cheung@scmp.com

Hong Kong's leader-in-waiting, Carrie Lam Cheng Yuet-ngo, will fly to Beijing on Sunday for her appointment to be formally confirmed by Premier Li Keqiang (李克強), as state leaders list their expectations for the new chief executive, who has vowed to heal the city's political divide in the next five years.

It will be Lam's first official trip to the capital since winning the city's leadership race on March 26 with 777 votes from the 1,194-member Election Committee.

Lam is also expected to meet President Xi Jinping (習近平) during the four-day trip, which will conclude on Wednesday.

Last Friday, Li expressed confidence that Lam could unite Hong Kong, as he signed an official letter

to formally appoint her as the next chief executive on July 1.

In a statement released yesterday, Lam's office said she would receive from Li the signed "instrument of appointment".

"The chief executive-elect's husband, Mr Lam Siu-por, will join the visit," the statement said.

Professor Lau Siu-kai, vice-chairman of the Chinese Association of Hong Kong and Macau Studies, said Xi and Li were likely to set out to-do lists in meetings with Lam.

"They will expect her to implement 'one country, two systems' comprehensively and accurately," Lau said. "This is likely to be their first personal meeting with [Lam] too, so they will assess her stance, capability and style."

Lau expected Lam to discuss forming her new cabinet with officials from the Hong Kong and Macau Affairs Office.

The following day, then-president Hu Jintao (胡錦濤) pinned high hopes on Leung's vision of



Carrie Lam's appointment will be confirmed. Photo: Robert Ng