

9 May, 2002

Bills Committee
Legislative Council Secretariat
3/F, Citibank Tower
3 Garden Road
Central

Re: Bills Committee - Revenue Bill 2002

While I appreciate the merits of Revenue Bill 2002, which proposes to increase the ad valorem duty on wine from 60% to 80%, I would like to point out the negative impacts I foresee the above proposal to have on Hong Kong tourism.

During my 33 years in Hong Kong, I've always known tourists to compare the value of goods and services in Hong Kong to their home countries. This is particularly so with the food and beverage industry. Probably because the comparison is easy to make.

As you may know, Hong Kong is already one of the most expensive places to dine in the world, which among a few other reasons, can be attributed to the already high cost of wines.

When I'm dining in a restaurant in Hong Kong, I often hear visitors comment on the high cost of the wine in Hong Kong and they generally leave the venue feeling ripped-off. It disappoints me to think they these people leave with such a bad impression of Hong Kong. This is the image they take back to their families, friends and business associates. They should be able to enjoy all that this city has to offer. The dining out experience, as we all know, can make or break someone's feeling about a city. Without putting too fine a point on this, value for money in a meal can only enhance someone's idea about their stay here and thus make them more likely to happily return, be it for business or pleasure.

The 60% duty currently imposed on wine is already remarkably high compared to other countries. I believe any review should be to reduce this figure so that it's competitive with other countries, not to increase it by 20% to the proposed 80%. When you compare us to our neighbors, Thailand 55.8%, Japan 30%, Korea 52%, Philippines 5%, and Malaysian 0%, we don't appear to be on the same playing field.

Usually when people are planning a trip, they take into account the value of their dollar and the value of the country they plan to visit.

I would like international visitors to look upon Hong Kong, not as a cheap destination, but as a value for money city that they can afford to visit on a regular basis.

Yours faithfully

Allan Zeman, JP
Chairman

AZ/cl

P.S. I am writing this in my capacity as a long time resident of HK and a long time businessman, restaurateur and government advisor. I really feel that the amount of revenue collected is not as great as the damage this tax does to HK.