

**For discussion
on 23 April 2007**

**Legislative Council Panel on Economic Services
Strengthening Consumer Protection for Mainland Visitors in Hong Kong**

Purpose

This paper seeks to set out the latest initiatives taken by the Government, the tourism industry and related sectors to maintain Hong Kong's status as a tourist destination for quality shopping, and to enhance the protection of consumer rights of Mainland visitors in Hong Kong.

Background

2. The Mainland media reported in early April incidents on some Mainland group visitors suspected of being cheated while shopping in Hong Kong. These reports have aroused extensive public interest both locally and in the Mainland. The Government is deeply concerned about the issue and will not tolerate any unscrupulous sales malpractices that mislead or deceive visitors. To this end, relevant government departments, in collaboration with the Travel Industry Council of Hong Kong (TIC), the Hong Kong Tourism Board (HKTB) and the Consumer Council (CC), have immediately taken various measures to combat such malpractices.

Existing mechanism

3. In accordance with the existing legislation and established mechanisms, relevant government departments, CC, TIC and HKTB have put in place various measures including law enforcement, industry regulation, as well as publicity and public education, to protect visitors' consumer rights in Hong Kong. These measures include inspections of retail shops in tourist districts conducted by the Police and the Customs, according to existing legislation to combat counterfeit goods and to investigate possible malpractices of deceiving visitors. With regard to industry regulation, the TIC has required all shops receiving tour group visitors to comply with the "14 Days 100 Percent Refund Guarantee" introduced since 2002, in light of the shopping activities arranged

at designated shops by travel agents for Mainland group visitors. The TIC has introduced a “demerit point system” to impose penalty on non-compliant shops; and has put in place a mechanism that holds the travel agents liable to penalty as well and guidelines for tour guides in arranging shopping activities for visitors. The HKTB has launched the “Quality Tourism Services Scheme” to enhance service quality in sectors of catering, retail and visitor accommodation, as well as to facilitate visitors to identify the quality service providers by means of extensive publicity in order to provide consumer protection to visitors. Concerning consumer education and publicity, with the collaborative efforts with the China Consumers’ Association (CCA), the CC promotes consumer rights in Hong Kong to Mainland visitors in both Hong Kong and in the Mainland and helps these visitors follow up their complaints in Hong Kong.

Enhanced Measures

Stepping Up Enforcement Action

4. The Customs and Excise Department (C&ED) has been closely co-operating with the Police in stepping up enforcement action to clamp down on the illegal practices of deceiving and misleading consumers. From 2 to 16 April this year, Customs officers had conducted blitz operations at more than 57 retail shops selling watches, audio-visual appliances and jewellery frequented by Mainland tour group visitors to combat counterfeit goods and see if there were any sales practices violating the Trade Descriptions Ordinance (TDO). On 13 April, the Customs filed a charge against one of the jewellery shops. To facilitate investigation, Customs officers will be deployed to the Mainland to collect evidence direct from visitors suspected of being deceived. The C&ED attaches great importance to combating counterfeit goods. It therefore will continue to step up surveillance on retail shops targeting at Mainland tour group visitors, and will take actions against offending shops. In parallel with these arrangements, the HKTB will step up its surveillance on accredited merchants and outlets under the Quality Tourism Services (QTS) Scheme to prevent unauthorised use of QTS decals and to ensure quality products and service excellence.

5. The Police, TIC, CC and C&ED have already established a speedy referral system. This enables the relevant parties, who act in accordance with their respective functions, to follow up promptly on the complaints and impose sanctions against such malpractices as misleading trademarks, counterfeit

goods, false trade descriptions as well as deceitful and dishonest sales practices.

Reviewing Consumer Protection Legislation

6. Together with the CC, TIC, HKTB, the Police and C&ED, the Economic Development and Labour Bureau (EDLB) is reviewing relevant consumer protection legislation in full speed with a view to strengthening enforcement action against misleading and undesirable sales practices. The EDLB aims to complete the review as soon as possible. We will also study the need of introducing a trade practices law forbidding, for example, the use of “bait and switch” tactics and coercion.

Regulation by the Industry

7. As far as regulation by the industry is concerned, the Tourism Commission (TC) has deliberated with the HKTB, CC and TIC and reached a consensus on the strengthening of regulatory measures for trade conduct. In this regard, the TIC endorsed the following measures on 17 April, as set out below -

- (a) tightening the criteria for shops registered under the 14 Days 100 Percent Refund Guarantee Scheme and the demerit point system, including:
 - (i) extending the time limit for refund from 14 days to six months to allow visitors sufficient time in seeking refund;
 - (ii) requesting registered shops to allow public access so as to enhance their operational transparency;
 - (iii) refusing the registration of any shop which has the same registered address and director(s) of a shop deregistered in the preceding 12 months, to prevent the latter from continuous operation under another name;
 - (iv) increasing the demerit points for shops on repeated non-compliance of the same nature to tackle non-compliant shops;

- (v) relaxing the conditions of seeking 100% refund by group visitors, e.g. to allow refund even for purchased items that had their packages removed;
 - (vi) requiring shops to set out clearly the detailed information of products on receipts with reference to the principles and rules of the QTS Scheme and the provisions of the TDO;
- (b) “naming and shaming” shops that committed repeated violations and received frequent complaints by uploading such information onto TIC website, with hyperlinks to CC and HKTB websites so as to alert consumers and Mainland visitors of such shops;
 - (c) increasing the surveillance of those shops designated for arranged shopping activities by Mainland group tours to ensure their strict compliance with the requirements of the 100% Refund Guarantee Scheme;
 - (d) issuing guidelines on “arranged shopping” to travel agents and tour guides to strengthen regulation;
 - (e) issuing circulars/guidelines to travel agents requiring them to include a clear reminder in the itineraries distributed to visitors to remind them to obtain receipts that contain detailed information on the purchased items; and
 - (f) stipulating that inbound travel agents should only receive tour groups organized by Mainland outbound travel agents authorised by the China National Tourism Administration (CNTA).

Publicity and Education

8. For publicity and consumer education in the Mainland -

- (a) the HKTB, CC, and relevant Mainland organizations such as the CCA will co-operate in enhancing the publicity and education on consumer protection in the Mainland through various media, including hyperlinked websites;
- (b) the HKTB will work more closely with Mainland tourism authorities (including the CNTA and Shenzhen Tourism Bureau) to step up the publicity and education on consumer rights through the distribution of promotional materials and other activities in the Mainland; and
- (c) the CC issued, through the CCA to the Mainland media and network of consumer organizations in the country on 10 April, shopping tips in Hong Kong for Mainland visitors with points to note in respect of protection of their rights when shopping in Hong Kong. We note that the information has drawn wide attention from Mainland residents, and the publicity and education has proven effective.

9. Turning to local publicity in Hong Kong -

- (a) the C&ED, in collaboration with TIC, holds seminars for TIC-registered shops on the requirements of the TDO and the liabilities of the retail shops, with a view to familiarizing the shops with the requirements and encouraging their compliance. The first seminar was held on 13 April with an attendance of more than 40 merchants;
- (b) the Police and TC commenced distributing pamphlets promoting smart consumption to Mainland visitors at tourist spots in Tsim Sha Tsui and Lok Ma Chau border control point on 5 and 7 April respectively; and
- (c) TC is producing more promotional materials for distribution at various locations including border control points and areas of designated shopping during the Labour Day Golden Week.

Quality Tourism Products

10. To provide quality alternatives, the HKTB has rolled out “Honest and Quality Hong Kong Tours” and set up designated counters in a number of cities covered by the Individual Visit Scheme (IVS), including Beijing, Shanghai, Nanjing, Hangzhou, Guangzhou and Shenzhen, since the fourth quarter of 2006. These counters are set up exclusively for high quality tourism products of “Honest and Quality Hong Kong Tours”. Consumer service hotlines manned by designated staff from the HKTB and partner travel agents will provide customer services, introducing itineraries of “Honest and Quality Hong Kong Tours” and answer enquiries from the consumers. “Honest and Quality Hong Kong Tours” emphasise honest and high quality itineraries featuring “free shopping” in Hong Kong. There will not be any compulsory purchases, surcharges or self-paid activities. The HKTB will continue its efforts in promoting these quality tours to more IVS cities this year. It will also continue to launch a series of promotional activities in the Mainland that enhance publicity on “Honest and Quality Hong Kong Tours” and the QTS Scheme respectively, with a view to reinforcing the positive image of Hong Kong.

Service Standards of Tour Guides

11. Tour guides are the frontline staff in touch with visitors and represent a key component of quality service. As advocated by the TC and agreed by various tour guide associations, it is necessary to improve the professional quality of tour guides and provide them with more training opportunities, so that they can upgrade their service skills, deepen their understanding of tourist attractions and enhance their recognition of professional ethics, in particular the importance of honest and quality tourism. The TIC and tour guide associations will enhance education on “Honest and Quality Tourism” for tour guides. The TIC will liaise with various tour guide associations and incorporate the modules of “Honest and Quality Tourism” into the newly amended “Pre-service Tourist Guide Training Course” and the “Tourist Guides Continuous Professional Development Programme” in the pipeline. In addition, the TIC will consider studying issues concerning improvement of the career development of tour guides, such as the employment relationship and salary structure, professional training, continuous development etc.

Co-ordination with the CNTA

12. The Government and the CNTA have reached a consensus on the above-mentioned initiatives. The CNTA recognises and fully supports the initiatives above; and undertakes to complement our efforts in the Mainland. Both sides consider good market practices are conducive to the steady and sustainable development of tourism in Hong Kong and the Mainland. The unscrupulous business operation of a small group of industry players may yield short-term operating profits. However, it will be harmful to the entire market, and thus should be stamped out. Both sides also agree that collaborative efforts of regulatory authorities on both sides are essential to effectively combat market malpractices stemming from the “zero-/negative-fare tours” and restore market order. In this respect, the CNTA will step up publicity and promotion on the honest and quality tourism plans in the Mainland, and will roll out regulatory measures against “zero-/negative-fare tours”. To support these cooperative measures of regulation, the TIC has resolved to issue a new directive stipulating that all inbound travel agents in Hong Kong should receive only tour groups organized by Mainland outbound travel agents authorised by the CNTA. The CNTA will update the TIC with the latest information of authorised outbound travel agents. We are going to Beijing on 24 April to discuss the issues with the CNTA.

Concluding Remarks

13. We will not tolerate any malpractices of misleading or deceiving visitors. We will, in collaboration with all relevant institutions and organizations, implement the initiatives mentioned above. These measures will further enhance our existing legislation and mechanism, and combat retail shops’ malpractices of misleading or deceiving visitors. They will protect visitors and maintain Hong Kong’s reputation as a shoppers’ paradise. We will continue to monitor the market situation, communicate with the relevant organizations and industry players, review from time to time the implementation of the new initiatives, and introduce new ones as and when necessary.

Tourism Commission
Economic Development and Labour Bureau
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