

## **Strengthening Consumer Protection for Mainland Visitors in Hong Kong**

Most of the merchants in Hong Kong are honest and fair in doing business. Recently there have been cases where the shops receiving Mainland tour groups misled or deceived visitors. The Government will not tolerate any of their malpractices. To this end, relevant government departments including the Tourism Commission (TC), Customs and Exercise Department (“Customs”) and the Police, in collaboration with the Travel Industry Council of Hong Kong (TIC), Hong Kong Tourism Board (HKTB) and Hong Kong Consumer Council (HKCC), have been actively taking a number of measures to combat those unscrupulous shops. The recent incidents provide an opportunity for the Government, relevant organisations and the industry to combat such malpractices and strengthen protection for visitors and consumers.

### Enforcement

2. With regard to law enforcement, the Customs has conducted blitz operations at retail shops selling watches, audio-visual appliances and jewellery frequented by Mainland tour group visitors and a number of “undercover” operations in April to combat malpractices. Separately, the Police, Customs, HKCC and TIC have 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 malpractices such as selling counterfeit goods, false trade descriptions as well as deceitful and other dishonest sales practices.

3. If there is evidence of offence, the relevant departments will institute prosecution against the offenders. On 13 April, for instance, the Customs prosecuted one of the jewellery shops. If there is evidence, the law enforcement agencies are actively following up on some suspected cases of non-compliance, including deploying Customs officers to the Mainland to collect evidence directly from visitors suspected of being deceived. The law enforcement agencies will continue to take vigorous law enforcement actions to combat malpractice.

## Legislative review

4. In parallel with more rigorous law enforcement, we have been working on enhancing current consumer protection legislative regime. The Financial Secretary has indicated in his Budget Speech this year that it is necessary to review existing measures to protect consumers in order to boost the confidence of tourists and citizens in shopping in Hong Kong. Together with the HKCC, Customs, Police, HKTB and TIC, we are devoting every effort to putting the plan into practice.

5. We intend to divide the legislative amendment exercise into two stages. In the first stage, we will focus on some misleading and deceptive trade representations, for example, false trade descriptions. We will also pay attention to sales practices such as interference or coercion. The Economic Development and Labour Bureau has set up a working group (the Group) with members drawn from the HKCC, Customs, Police, Department of Justice, TC, HKTB and TIC. On the basis of the complaints received by frontline departments and organisations as well as experience in law enforcement, the Group will identify urgent problems and propose legislative amendments, with a view to enhancing promptly the legislation under which the agencies can enforce the law in a more effective way and to better protect the consumers. During the evaluation process, the Group will take reference from overseas consumer protection legislation and also take into account the operational needs of the trade. The Government will propose concrete legislative amendments in the coming months for consultation with the public and the Legislative Council. As for the second stage, the relevant Government departments will work with HKCC and relevant organisations to conduct a comprehensive review on the existing measures for protection of consumer rights and interests.

## Regulation by the industry

6. As far as regulation by the industry is concerned, travel agents, being TIC members, are bound by TIC Memorandum and Articles of Association under the existing mechanism. They have to adhere to the codes of conduct and directives issued by the TIC under the Memorandum and Articles of Association. Travel agents which contravene the directives and codes of conduct are subject to disciplinary actions by the TIC, including suspension or

revocation of membership, and eventually the cancellation of licenses by the Travel Agents Registry. For those shops under the Refund Guarantee Scheme, as they are designated to receive tour group visitors, they have to register with the TIC and strictly follow the 100% refund policy. If they violate their pledge, they will be given demerits. Registered shops with demerits reaching a specified threshold will be removed from the list of registered shops. Travel agents are not allowed to bring visitors to the registered shops which have been deleted from the list for shopping activities. To combat the unscrupulous sales practices, the TC, HKTB, HKCC and TIC have discussed and reached a consensus on stepping up regulatory measures. In this regard, the TIC endorsed the following measures in April:

- (1) tightening the criteria for shops receiving tour group visitors registered under the 100% Refund Guarantee Scheme, including extending the time limit for refund from 14 days to six months to allow visitors sufficient time to put forward refund request;
- (2) requesting the registered shops to allow public access so as to enhance their operational transparency;
- (3) increasing the demerit points for shops on repeated non-compliance of the same nature to tackle non-compliant shops;
- (4) 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 easily under another company's name;
- (5) "naming and shaming" registered shops that committed repeated violations and received frequent complaints by uploading such information onto TIC website, with hyperlinks to HKCC and HKTB websites so as to alert consumers and Mainland visitors of such shops; and
- (6) stipulating that Hong Kong travel agents should only receive tour groups organised by Mainland outbound tour operators authorised by the China National Tourism Administration (CNTA).

7. Besides, the TIC has already issued directives prohibiting travel agents from imposing additional charges on tour members for leaving the tour group before completion of the itinerary or they will be liable to punishment. The TIC and tour guide associations reached a consensus on tour guide fee issue in the end of April and issued relevant guidelines on 11 May 2007. These measures can help reducing tour guides dependence on sales commissions and upgrade their quality of service for inbound Mainland tours in the long run.

8. The TIC has set up a visitor complaint hotline to handle complaints from visitors. Visitors can also lodge their complaints by fax or through the website, which will be actively followed up by the TIC.

#### Publicity and consumer education

9. For publicity and consumer education, we will continue to enhance the publicity on consumer protection for Mainland visitors in Hong Kong through our Mainland counterparts such as the China Consumers' Association (CCA) and CNTA, as well as various media. In Hong Kong, we directly distribute pamphlets promoting smart consumption and advising complaint channels to Mainland visitors at border control points and shopping areas.

10. To capture the Mainland market, HKTB has been promoting the brand image of Hong Kong through diversified strategies, media and channels. Apart from making use of TV, newspapers and publications as well as Mainland websites, HKTB also adopt different publicity approaches to reach the targeted consumers, including co-operating with Mainland education authorities to promote the characteristics of Hong Kong to local students and their parents; collaborating with Mainland endorsement authority for the Individual Visit Scheme(IVS) to enhance the promotion to IVS visitors as well as launching promotion activities together with credit card companies.

#### Quality choices

11. To provide quality choices, the HKTB has introduced "Honest and Quality Hong Kong Tours" in a number of cities covered by the IVS, including Beijing, Shanghai, Nanjing, Hangzhou, Guangzhou and Shenzhen, since the fourth quarter of last year. "Honest and Quality Hong Kong Tours"

emphasize honest and high quality itineraries featuring “free shopping” in Hong Kong. There will be no 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 to promote “Honest and Quality Hong Kong Tours” and the “Quality Tourism Services” Scheme respectively, with a view to reinforcing the positive image of Hong Kong.

#### Training for tour guides

12. The TIC and tour guide associations will strengthen education on “Honest and Quality Tourism” for tour guides to enhance their recognition of professional ethics, in particular the importance of honest and quality tourism. The TIC will liaise with various tour guide associations and incorporate the modules of “Honest and Quality Tourism” into the newly revised “Pre-service Tourist Guide Training Course” and the “Tourist Guides Continuous Professional Development Programme” in the pipeline.

#### Cooperation with CNTA

13. The CNTA recognises and supports the above initiatives, and undertakes to complement our efforts in the Mainland. On 25 April, the HKTB Chairman, Commissioner for Tourism as well as TIC and HKCC representatives held a meeting with the CNTA in Beijing where they discussed in detail plans to publicise and promote honest and quality tourism in the Mainland and further regulatory measures against “zero-/negative-fare tours”. Immediately after the meeting, the CNTA promulgated eight initiatives to jointly regulate market order with Hong Kong’s tourism industry:

- (1) promoting the application of Chinese Citizen Outbound Travel Contract, which sets out all the details of “outbound tour” to Hong Kong to give visitors a full picture of the itinerary, in high quality tour products such as “Honest and Quality Hong Kong Tours”;
- (2) establishing a co-ordinating and punitive mechanism to monitor market malpractices in various ways, including undercover checks; enhancing communication between the two sides for joint efforts in imposing punishment;

- (3) reconfirming the lists of tour operators and receiving agents for Mainland outbound tours to Hong Kong in order to crack down on travel agents operating Hong Kong tours on an illegal or subcontracting basis;
- (4) striving to promote and publicise rational consumption through various media to Mainland visitors;
- (5) jointly promoting high quality tours such as “Honest and Quality Hong Kong Tours”;
- (6) strengthening co-operation between the regulatory authorities of both sides, establishing an information exchange mechanism and perfecting the complaint handling mechanism to handle visitors’ complaints and tackle illegal/non-compliant travel agents and practitioners in an effective way;
- (7) strengthening communication and co-operation between the CCA and HKCC; and
- (8) rolling out a six-month programme (commencing May 2007) dedicated to “combatting zero-/negative-fare tours and regulating tourism market order” by the CNTA.

We will endeavour to complement the CNTA’s eight regulatory initiatives.

14. With effect from mid-February, the TIC has made it a mandatory requirement for tourist guides to provide inbound group visitors from Mainland with an itinerary that lays out in clear terms the programme and accommodation arrangements during their stay in Hong Kong including designated shopping as well as consumer rights and interests. At the Mainland and Hong Kong travel industry joint meeting on regulating market order held in Beijing on April 25, we also indicated to the CNTA that it was necessary to make it mandatory for Mainland tour operators to provide visitors with outbound itineraries, so that visitors could compare different offers and prices to make informed decisions and select the ones that best suited their needs. As such, the problem could be tackled in the source market. To stay

in line with this requirement, the HKCC has proposed to the CCA to remind Mainland visitors to pay attention to the quality of tour operators, selecting only those which are:

- (a) among the tour operators recognised by the CNTA;
- (b) providing them with outbound itineraries or prices for ease of comparison by consumers;
- (c) providing them with details of designated shopping such as locations and durations; providing them with the names and license numbers of the receiving agents in Hong Kong.

15. The TIC, HKTB and HKCC have co-operated with CNTA to have all their websites connected via hyperlinks. Information of travel agents and shops that have records of repeated non-compliance will be uploaded to alert Mainland visitors and local residents of such information and enhance transparency.

16. To expedite the arrangement for Hong Kong's reputable travel agents to operate Hong Kong and Macao tours in Guangdong Province, the CNTA has in fact already announced the detailed implementation arrangements after a series of discussions. This measure not only provides local travel agents with development opportunities but also brings in benign competition. With Hong Kong travel agents operating quality Mainland outbound tours, we can help upgrade the quality of tourism services in the Mainland, which in turn will serve to alleviate some of the problems we face.

#### Continuous efforts

17. We, together with other government departments, HKTB, HKCC, TIC and the travel industry aim to hit hard on unscrupulous sales practices and restore the confidence of tourists coming to Hong Kong for shopping. In fact, during the May 1st Golden Week just past, Mainland visitor arrivals totalled 540,000, an increase of 30% over the same period last year. Among them, visitors travelled under the IVS have increased by over 50%. This shows that Mainland visitors recognise our determination in combating unscrupulous shops.

18. We treasure Hong Kong's reputation as the "shopping paradise". We are determined to protect Hong Kong's status as the premier tourist destination and will not tolerate any market malpractices that jeopardise Hong Kong's quality brand name. We will continue to join forces with relevant organisations and the industry in protecting the rights and interests of local consumers and tourists. Despite our confidence in the effectiveness of recently introduced measures, we are committed to continually reviewing the situation and making improvement, as well as stepping up our co-operation with various sectors of the community in order to boost the confidence of tourists and local consumers alike.

**Tourism Commission**  
**Economic Development and Labour Bureau**  
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