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[Translation]

14 November 2008

Ms Debbie YAU
 for Clerk to Panel
 Panel on Economic Development
 Legislative Council
 8 Jackson Road
 Central

Dear Ms Yau,

**Panel on Economic Development
 Follow-up to Special Meeting**

At the meeting of the Legislative Council Panel on Economic Development held on 24 October 2008, Members asked for details of the economic benefits brought by the cruise industry before the year 2023 and the breakdown of the said benefits by 2023.

Having consulted the Government Economist and updated market projections by our cruise experts, we have estimated the economic benefits taking into account the latest cruise passengers expenditure data and multiplier effects. The estimated economic benefits that may be brought by the cruise industry for 2013, 2016 and 2023 are set out as follow –

Year ^{Note}	Total Value Added Contribution (in \$ million)	
	Low growth scenario	High growth scenario
2013	859	1,094
2016	1,462	2,537
2023	1,517	2,562

(Note: The years selected have taken into account the commencement of operation of the first berth and the second berth in 2013 and 2015 respectively. By 2023, the first berth would be in operation for 10 years.)

Detailed breakdown of the economic benefits are listed in the table at **Annex**.

Yours sincerely,

[signed]

(Jenny Lee)

for Secretary for Commerce and Economic Development

**Detailed Breakdown of Economic Benefits
that may be brought by the Cruise Industry**

Sector	Estimate Value Added Contribution in 2013 (in \$ million)	
	Low growth scenario	High growth Scenario
Retail and Dinning	298	413
Travel Trade	342	308
Hotel	121	220
Others	98	153
Total:	859	1,094

Sector	Estimate Value Added Contribution in 2016 (in \$ million)	
	Low growth scenario	High growth Scenario
Retail and Dinning	521	945
Travel Trade	574	834
Hotel	215	453
Others	152	305
Total:	1,462	2,537

Sector	Estimate Value Added Contribution in 2023 (in \$ million)	
	Low growth scenario	High growth Scenario
Retail and Dinning	538	961
Travel Trade	597	808
Hotel	224	477
Others	158	316
Total:	1,517	2,562

Assumptions

1. The “low growth scenario” assumes growth brought by regional cruise operators developing cruise services with Hong Kong as homeport. The “high growth scenario” assumes growth brought by international cruise operators developing cruise services with Hong Kong as a homeport and port-of-call.
2. Other key assumptions include: completion of the new cruise terminal as scheduled, major cruise operators maintain their deployment in the Asia Pacific region, the region’s consumer market maintains interest in cruise itinerary, and the region remains safe and stable for cruise deployment.