

**For discussion
on 11 July 2012**

Legislative Council Panel on Economic Development

**Commerce and Economic Development Bureau
Policy related to Economic Development**

INTRODUCTION

This paper aims to give an overview on the policy areas related to economic development under the auspices of the Commerce and Economic Development Bureau.

Policy related to Commerce and Economic Development

2. The Commerce, Industry and Tourism Branch under the Commerce and Economic Development Bureau is committed to enhancing the competitiveness of Hong Kong, providing a business-friendly environment and support for the development of commerce, industry and tourism in Hong Kong. Major policy areas related to economic development include competition, protection of consumer rights, tourism, postal service and meteorological service. Details of these policy areas are outlined in the ensuing paragraphs.

Competition Policy

3. The Competition Bill was passed by the Legislative Council in June 2012. The passage of the Competition Bill is a major milestone in the development of competition policy in Hong Kong. The Competition Ordinance (the Ordinance) aims to provide a legal framework to curb anti-competitive conduct in various sectors, with a view to maintaining fair and sustainable competition in the market.

4. We will implement the Ordinance in phases so that the public and the business sector can familiarise themselves with the

new legal requirements during the transitional period and make necessary adjustments. The first and foremost work of the Administration is to establish the Competition Commission (the Commission) and the Competition Tribunal (the Tribunal) as soon as possible. According to the Ordinance, provisions relating to the establishment of the Commission as well as the Tribunal will come into operation by notice published in the gazette. The notice is a subsidiary legislation subject to negative vetting by the Legislative Council.

5. Once established, the Commission will conduct publicity campaigns and public education activities, and prepare guidelines regarding the competition rules, handling of complaints and investigations. During preparation of the guidelines, the Commission must consult the Legislative Council and relevant persons so as to ensure that the guidelines cater for the circumstances of Hong Kong. The competition rules in the Ordinance will only come into force upon completion of all relevant preparatory work. It is expected that the whole preparatory process will take at least one year.

Protection of Consumer Rights

6. Earlier this year, we introduced the Trade Descriptions (Unfair Trade Practices) (Amendment) Bill 2012 which aims to enhance consumer protection through creating new offences on unfair trade practices and strengthening enforcement and channels for consumer redress. The relevant Bills Committee has completed scrutiny, and the second reading debate on the Bill has been scheduled for resumption at the Council meeting of 27 June. We hope that the Bill will be enacted in the current term of the Council.

7. If the Bill is enacted, the priority of this policy area in the coming year is to make preparation for the commencement of the amended Ordinance. Enforcement agencies and relevant bodies will make preparations, including drawing up enforcement guidelines and strengthening staff training. We will also step up publicity and public education, to facilitate traders' understanding of the requirements of the new legislation on the one hand and raise

consumers' awareness of the law and the concept of "shop smart" on the other.

Tourism Policy

8. Our policy objective is to establish and promote Hong Kong as a world-class destination for leisure and business visitors, and providing them a pleasant travel experience.

Tourism Reform

9. To promote the healthy and sustainable development of the tourism industry, the Government conducted a review of the operation and regulatory framework of the tourism sector last year and decided to set up an independent statutory body to take up the overall regulation of travel agents, tourist guides and tour escorts. The Tourism Commission has commenced the drafting of the new legislation and other relevant work for the establishment of the statutory body. It is expected that the draft legislation could be introduced into the Legislative Council in around mid-2014.

Tourist Infrastructure

10. The tourism sector is one of the pillar industries in Hong Kong. We are constantly upgrading our tourism appeals so as to provide visitors a diversified travel experience. Among all, the construction works of the new cruise terminal at Kai Tak is progressing well. Our target is to commission the terminal building and the first berth in mid-2013. The tenancy for operating and managing the terminal was awarded in March 2012.

11. The Central People's Government recently announced a new measure to support the development of cruise industry by allowing Mainland tour groups taking cruise from Hong Kong to travel to Japan or Korea after visiting Taiwan before returning to the Mainland. This new measure enables cruise operators to offer more diversified itineraries for Mainland tourists and ties in with the commissioning of the new cruise terminal. Together with the existing berths in Hong Kong, the measure can attract more

Mainland tourists. This is also conducive to encouraging more cruise deployments to the Asia-Pacific region to further promote the development of cruise industry. We are discussing with the travel trade and the Hong Kong Tourism Board (HKTB) on how to make full use of the new measure.

12. As regards the two theme parks, the Master Redevelopment Plan of the Ocean Park will be completed upon the opening of Polar Adventure in the middle of this month. The Ocean Park is planning to develop a new integrated theme zone at Tai Shue Wan. The main focus of the development is to build an indoor/outdoor waterpark. The preliminary budget estimate of the project is over HK\$ 2 billion. In addition, the Ocean Park is actively preparing for the re-tender exercise of the hotel development project, which includes reviewing the terms and conditions of the re-tender in detail. They will announce the details as soon as possible.

13. Meanwhile, the Hong Kong Disneyland (HKD) is also expanding with new themed areas. After the opening of Toy Story Land last November, Grizzly Gulch will open in the middle of this month, while Mystic Point will be completed early next year.

14. HKD is considering a more specific plan on further expansion within the existing site after the completion of the current expansion, with a view to mapping out its future development of attractions and hotels. We are proactively exploring with the HKD's management company its plan in this regard and will announce a more concrete proposal as soon as possible.

Further Development

15. In collaboration with the HKTB and the travel trade, we will step up promotion on existing tourism attractions and further develop new attractions. Preliminary plans include enhancing the planning and development of Lantau as a tourism cluster, leveraging on the new opportunities arising from the operation of Hong Kong-Zhuhai-Macau Bridge by 2016. In addition, we will continue to promote green tourism having regard to the principles of

nature conservation and sustainable development. This can showcase Hong Kong's ecological richness and diversity.

16. Besides, through the “Revitalising Historic Buildings Through Partnership Scheme”, the Government has been injecting new momentum into buildings of historic significance, such as the Old Tai O Police Station, Lui Seng Chun, former Lai Chi Kok Hospital, Mei Ho House, etc. We will explore with the Commissioner for Heritage's Office and the HKTB on how to promote these buildings as tourist attractions. In the case of Yau Ma Tei Theatre, which is now a performance venue of Cantonese opera, the Travel Industry Council of Hong Kong is cooperating with the Chinese Artists Association of Hong Kong on launching programmes of Cantonese opera targeting at overseas visitors. The HKTB will develop promotion plans accordingly.

Postal Service

17. Hongkong Post (HKP) is committed to providing a reliable and efficient postal service at reasonable and affordable prices to all users in Hong Kong. We will continue to enhance our postal services to meet the changing needs of the community.

18. In recent years, the postal sector has been undergoing rapid transformation driven by advancement of information and communications technologies. While e-substitution is replacing letter mail by e-mail, e-commerce has changed consumer behaviour and is opening up new opportunities for the postal sector. In the coming year, in addition to striving to maintain our pledged service standards in mail processing and delivery as well as counter service, HKP will step up our services targeting at internet traders and small-and-medium sized enterprises, from branding and market promotion through direct mail to order fulfilment by postal delivery or counter collection at post offices, and from internet sale on the ShopThruPost platform to one-stop customised philatelic souvenir service.

19. On the operational front, HKP is taking forward the merging of the International Mail Centre and the General Post Office

sorting center at a new mail center under construction at Kowloon Bay. We expect to achieve efficiency gain and productivity improvement upon completion of the project in 2015. In parallel, HKP is developing an integrated IT system which aims to enhance the operational efficiency of counter services provided at post offices and related back-end support functions. The system is expected to commence operation in 2014.

Meteorological Services

20. The Hong Kong Observatory will continue to ensure the provision of weather and other relevant information to the public as well as the shipping, aviation, transport and logistics communities, in support of the commerce, as well as economic and other activities of the society.

21. In response to the evolving needs of the public and other sectors, the Hong Kong Observatory constantly enriches its website and utilises the mobile and social networking platforms. For instance, the Observatory has launched “My Observatory” application which allows mobile phone users to obtain the latest weather information specific to their locations. In future, it will work towards enhancing the function of rainfall forecast on mobile platform. The Observatory will also ride on the latest technology and enhance its meteorological services, and ensure the timely replacement of equipment (including weather radar); organise various public educational activities and develop educational resources; and promote co-operation with the Mainland and overseas countries with a view to raising its service quality and international status.

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