

Legislative Council Panel on Economic Development

2014 Policy Address

Policy Initiatives of the Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau

Our Vision

To encourage industries to expand and thrive and to provide better employment opportunities, we need to diversify our economy and achieve sustainable growth. Hong Kong is one of the freest economies in the world. While respecting the functions of a market economy, the Administration should be appropriately proactive, and take a more active role to facilitate the long term economic development of Hong Kong.

On-going Initiatives

Tourism

Continuous enhancement of Hong Kong's capacity to receive tourists

2. The visitor arrivals to Hong Kong have continuously been on the rise in the past few years. In 2013, the total visitor arrivals are over 54 million, representing an increase of 11.7% compared to 2012. In response to the public concern about the impact on the livelihood of the community due to the continuous growth in visitor arrivals, the HKSAR Government announced in September 2012 to undertake an assessment on the overall capacity of Hong Kong to receive tourists. The areas taken into account include the handling capacity of boundary control points, receiving capacity of tourist attractions and the public transport system, supply of hotel rooms, economic effects of the Individual Visit Scheme (IVS), and its impact on the livelihood of the community, etc. In the course of our assessment, the HKSAR Government tightened the control of the export of powdered formula and the Mainland implemented the Tourism Law. We have also

observed the impact of these new developments on visitor arrival numbers. The assessment has been completed. Conducted on the basis that projected visitor arrivals would be over 70 million in 2017, the assessment results suggest that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach. We will report the outcome of the assessment in detail to the ED Panel later.

3. As a small and open economy, Hong Kong cannot afford to close our doors to any particular groups of visitors, or set a limit on the overall visitor arrivals. That said, we recognise that Hong Kong is small and densely populated. We cannot allocate all our precious land resources for the development of tourism infrastructure. We will make good use of our resources to attract high value-added visitor segments to visit Hong Kong. The Chief Executive has also conveyed public concerns about the continuous growth in visitor arrivals to the Central Government. With a view to maintaining the stable and orderly development of our tourism industry, the Central Government and the HKSAR Government agreed not to increase the number of IVS cities and not to expand the scope of the multiple-entry permit at this stage. We will enhance communication with the Mainland to exchange views on the implementation and way forward for the IVS on a regular basis.

4. To enhance the overall attractiveness and receiving capacity of Hong Kong, we will continue to invest heavily in the local tourism infrastructure. Among others, our two theme parks (the Ocean Park and the Hong Kong Disneyland) will undertake large-scale expansion projects.

(a) *Facilitating the Ocean Park to implement its waterpark and hotel projects*

The Government will provide a \$2.29 billion loan to Ocean Park to facilitate its commencement of the Tai Shue Wan Development Project to construct an all-weather indoor cum outdoor waterpark. In addition, the Ocean Park is planning to build two hotels within the Park. Of them, the Ocean Park

announced the selection of the most preferred proponent for the Ocean Hotel under the re-tender exercise in October 2013. It is expected that the selected most preferred proponent and Ocean Park will complete the relevant planning and lands administration procedures this year. The construction of the hotel is expected to be completed by 2017. We will continue to work closely with the Ocean Park to ensure the smooth implementation of its hotel development.

(b) Pursuing with the Hong Kong Disneyland (HKDL) the plans for further expansion with new attractions and hotel within the existing area of the Park

The launch of the new themed area “Mystic Point” in last May, together with the respective openings of “Toy Story Land” and “Grizzly Gulch” in 2011 and 2012, marked the completion of the previous phase of expansion at HKDL. The expansion has enlarged the existing Park by about 23 per cent and has added more than 30 new attractions, entertainment and interactive experiences, bringing the total number of attractions in HKDL to over 100.

To further enhance its appeal to visitors, HKDL will launch a new night-time parade in the coming year. A new themed area featuring Marvel hero “Iron Man”, the first of its kind in the world, will also be open by end 2016. Meanwhile, HKDL is actively pursuing a new hotel project.

Preparing for the establishment of the Travel Industry Authority (TIA) and the implementation of the new regulatory framework of the tourism sector

5. The Government announced in December 2011 that an independent statutory body, to be called the TIA, would be set up as the overall regulatory body of the tourism sector. We reported to the Panel in July last year on the proposed detailed arrangements under the new regulatory regime, including raising the entry threshold for setting up travel business through requiring travel agents to deposit guarantee money and appoint an “authorised representative”; matters relating to

the licensing of tourist guides and tour escorts; and the possibility of the Travel Industry Council of Hong Kong undertaking some non-regulatory public functions, including the management of a newly established “Travel Industry Development Fund” in support of development of the travel industry, etc. We noted that some members of the travel trade had expressed concerns about the requirement to deposit guarantee money and the definition of “Mainland inbound tour group business”. We undertook at that time to continue to discuss with the travel trade with a view to refining the arrangements and addressing their concerns.

6. We are setting in hand the drafting work for the new legislation based on the broad parameters for the new regulatory regime developed so far, and will continue to discuss some of the detailed arrangements with the travel trade. At this stage, we expect that the draft new legislation could be introduced into the Legislative Council (LegCo) within the next legislative session and the TIA could be established in late 2015 at the earliest.

Supporting the Hong Kong Tourism Board (HKTB) to continue its promotion work in target source markets generally and particularly in respect of meetings, incentives, conventions and exhibitions markets

7. We will continue to support the promotion work of the HKTB in the 20 target source markets. In order to maintain a diverse portfolio of visitors, the HKTB will increase its promotion resources in the international markets from 70% to 75%. The remaining 25% will be allocated to the Mainland market, which will mainly be deployed to non-Guangdong regions. Benefiting from factors such as steady economic growth, increased air capacity and relaxation of visa policies, a number of new markets performed well last year. The HKTB will sustain its promotion efforts in these new markets this year to strengthen awareness of Hong Kong and drive arrivals. To further promote Hong Kong as the preferred destination, the HKTB will launch an image-boosting marketing campaign in core markets. Besides, the HKTB will continue to launch a hospitality campaign in Hong Kong to foster a friendly culture that contributes to positive visitor experience.

8. We will also continue to support HKTB in stepping up the promotion of Hong Kong as a premier MICE destination through its “Meetings and Exhibitions Hong Kong” office and soliciting more MICE events to be staged in Hong Kong. In this connection, the HKTB will endeavour to solicit more large-scale conventions from the US and European markets to stage in Hong Kong under its prevailing promotional platform – “Hong Kong: The World’s Meeting Place”, and focus its MICE promotion works in those source markets with higher growth potential.

Overseeing the development of the Kai Tak Cruise Terminal to ensure timely completion of the second berth in 2014. We are supporting the Hong Kong Tourism Board’s promotion on cruise tourism and working closely with the Advisory Committee on Cruise Industry and the trade to develop Hong Kong into a leading cruise hub in the region

9. The first berth and the terminal building of the Kai Tak Cruise Terminal commenced operation in June 2013. The second berth is due for completion in 2014 as scheduled, which will enable the Terminal to accommodate two cruise vessels concurrently. Both berths can accommodate the largest cruise vessel in the world when the relevant seabed dredging works are completed in 2015. The Terminal has already received a total of 10 cruise vessels since June 2013. The arrangements for these ship calls were generally smooth and the visitors commended our new facilities. Since the commissioning of the Terminal, there has been a steady increase in the number of berthing reservations. We expect this rising trend will continue. The Kai Tak Cruise Terminal Park on the roof of the Terminal was opened in mid-October 2013. The retail stores and restaurants at the Terminal are expected to open for business by phases from the first quarter to mid-year of 2014.

10. Capitalising on the opportunities brought by the Terminal, we will continue to work in close collaboration with the HKTB and the trade to step up promotion on Hong Kong’s advantages in cruise tourism. The HKTB will continue to cultivate its source markets (including Mainland, India and other long haul markets) to attract more

visitors to join cruise journeys from Hong Kong. Also, the HKTB will facilitate itinerary development by promoting regional co-operation on cruise tourism with neighbouring ports as well as participating in or organising trade events.

11. The China National Tourism Administration announced in August 2013 the implementation details of the new measure that Mainland tour groups taking cruises from Hong Kong to Taiwan could visit Japan or Korea in the same journey before returning to the Mainland. Cruise companies and travel agents are actively following up on the measure, with a view to introducing more diversified itineraries and cruise products.

Competition Policy

Preparing for the full implementation of the Competition Ordinance in collaboration with the Competition Commission and the Judiciary

12. The Competition Ordinance was enacted by LegCo in June 2012. With the enactment of the Competition Ordinance, we have been working on its phased implementation in collaboration with the Competition Commission (Commission) and the Judiciary.

13. Since May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as to recruit the Chief Executive Officer and other staff members. The Commission has also initiated work on the drafting of guidelines, and plans to reach out to members of the public this year to discuss the guidelines and other work relating to the implementation of the Competition Ordinance. At the same time, the Judiciary is formulating rules relating to the operation and proceedings for the Competition Tribunal (Tribunal) and the President's directions, as well as making other necessary administrative arrangements to prepare for the full operation of the Tribunal.

14. We will bring the Competition Ordinance into full operation when all relevant preparatory work in respect of the Commission and the Tribunal is completed. During this transitional period, the public and the business sector can familiarise themselves with the new legal requirements and make necessary adjustments to their business operations.

Consumer Protection

Fully implementing the amendments to the Trade Descriptions Ordinance to enhance protection for consumers against unfair trade practices

15. The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 came into full implementation on 19 July 2013, thus further strengthening the protection of consumers against unfair trade practices. The scope of the amended Trade Descriptions Ordinance (Cap. 362) has been expanded, covering many commonly seen unfair trade practices against consumers (including false trade descriptions of goods and services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch, and wrongly accepting payment). It has also introduced a civil compliance-based mechanism to encourage compliance by traders and stop identified non-compliant practices expeditiously, thereby enhancing enforcement efficiency.

16. To facilitate compliance with the amended Trade Descriptions Ordinance and enhance transparency, the Customs and Excise Department and the Communications Authority as the enforcement agencies published the Enforcement Guidelines on 15 July 2013, which provide guidance on the operation of the Trade Descriptions Ordinance and state the manner in which the enforcement agencies exercise their powers. The Enforcement Guidelines have suitably incorporated the views and suggestions put forward by traders and the public during the consultation on the draft Guidelines conducted between December 2012 and March 2013.

17. The enforcement agencies have been actively handling relevant enquiries and complaints since July 2013. Enforcement actions are taken accordingly, on the basis of the facts and evidence of individual cases.

18. We have collaborated with the enforcement agencies and the Consumer Council in launching extensive publicity and education programmes to enhance the awareness and knowledge of both traders and consumers of the requirements as well as their rights and obligations under the Trade Descriptions Ordinance. Efforts in this regard will continue.

19. We will keep in view the effectiveness of the Trade Descriptions Ordinance in tackling unfair trade practices that may be deployed in consumer transactions.

Commerce, Industry and Tourism Branch
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January 2014