

Legislative Council Panel on Economic Development

2015 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.

Tourism

Impact of “Occupy Movement” on Hong Kong Tourism

2. In 2014, we received 60.8 million visitors in total, representing a year-on-year growth of 12%. Yet the “Occupy Movement” held from 28 September to 15 December last year has brought about considerable impact on the tourism industry. In particular, the businesses of hotels and shops locating in nearby areas of the “Occupy Movement” have been affected more. During the “Occupy Movement”, the number of non-Mainland visitors to Hong Kong in October, November and during the period from 1 to 15 December 2014 has decreased by 3.5%, 7.4% and 6.7% respectively as compared with those of the same period in 2013. All these indicated that the desire of visitors to travel to Hong Kong has dropped. Individual tourist attractions have also been affected. For example, though the overall attendance of the Ocean Park during the “Occupy Movement” still recorded an increase, the number of IVS visitors to the Ocean Park was lower than that of the same period in 2013.

3. Following the end of the movement, the Hong Kong Tourism

Board (HKTB) has commenced a series of marketing work overseas, including promotion supported by the Hong Kong travel trade in the Mainland and various short-haul markets in January and February 2015. The HKTB will also invite media from selected markets to go on familiarisation visits to Hong Kong to learn about the latest situation and help rebuild Hong Kong's image. In addition, the HKTB will enhance the 2015 Chinese New Year Programmes to enrich visitors' experience and stimulate visitors' desire to travel to Hong Kong. In 2015-16, the HKTB will continue to launch promotions in the key markets to raise Hong Kong's profile and highlight the unique experiences the city offers.

Development plans in the Ocean Park and the Hong Kong Disneyland

4. In view of intensifying competition among theme parks in the region, the two theme parks in Hong Kong have outlined a series of development plans to maintain their competitiveness.

5. The Ocean Park has embarked on developing an all-weather indoor cum outdoor waterpark at Tai Shue Wan. The construction works of the Park's first hotel, namely Hong Kong Ocean Park Marriott Hotel (previously named Ocean Hotel), also commenced. We will continue to work closely with the Ocean Park to ensure the smooth implementation of the aforementioned two development projects, the construction works of which are expected to be completed by 2017.

6. As regards the Hong Kong Disneyland, further to the launch of the night parade "Disney Paint the Night" in October last year, the park will continue to introduce a series of new initiatives, including the 10th Anniversary Celebration later this year, a new themed area based on Marvel's Iron Man franchise by end of 2016, and a new hotel with a theme dedicated to the spirit of exploration in early 2017. The Government will also commence discussion with The Walt Disney Company on the Phase 2 development of the Hong Kong Disneyland Resort¹.

¹ The Government will engage a financial advisor to advise the Government on the Phase 2 development of the Hong Kong Disneyland Resort. The funding required will be included and reflected in the 2015-16 draft Estimates for Commerce, Industry and Tourism Branch.

Continuing with the drafting of the legislation for the establishment of the Travel Industry Authority and implementation of a new regulatory framework for the tourism sector

7. The Government announced in December 2011 that an independent statutory body, to be called the Travel Industry Authority (TIA), would be set up as the overall regulatory body of the tourism sector. During the past year, we continued to discuss with the travel trade some of the detailed arrangements and the future role of the Travel Industry Council of Hong Kong. We are pressing ahead with the drafting of the legislation for the establishment of the TIA and implementation of a new regulatory framework for the tourism sector, and will continue to discuss the detailed arrangements under the new regulatory regime with the trade, with a view to securing the passage of the bill by the end of the current term of the Legislative Council.

Supporting the Hong Kong Tourism Board (HKTB) in its continued promotion work in target source markets, particularly the markets relating to meetings, conventions and exhibitions, and incentive travels

8. The HKTB will continue to concentrate its marketing work on 20 global markets, with its main objective being to attract overnight visitors to Hong Kong. To maintain a diverse visitor portfolio, the HKTB will invest over 75% of its resources in the international markets. The remaining will be allocated to the Mainland market, with the bulk going to the non-Guangdong provinces. The HKTB will also strengthen promotion in short-haul markets with growth potential and continue to carry out promotion in various new markets, with a view to raising consumer awareness of Hong Kong. It will also launch promotions in the key markets to raise Hong Kong's profile and highlight the unique experiences the city offers.

9. In terms of MICE (meetings, incentives, conventions and exhibitions) tourism, the Meetings and Exhibitions Hong Kong (MEHK) office under the HKTB will continue its efforts to promote Hong Kong as the preferred MICE destination in the region and bid for more

high-profile MICE events and activities. Leveraging the “World’s Meeting Place” platform and working closely with professional associations and conference organizers, the MEHK will actively strive to bring more large-scale conferences from the US and Europe to Hong Kong. As for corporate meetings and incentive travels, the MEHK’s focus will be put on driving various markets with high growth potential, such as the Mainland, India and Indonesia.

10. To signify the Government’s continuous support to the development of the MICE tourism of Hong Kong, the Government allocates an annual provision of \$30 million to the HKTB for its MICE promotion work. The Government has further earmarked an additional time-limited annual provision of \$15 million to the HKTB from 2014/15 onwards for three years (i.e. until 2016/17) to scale up the bidding packages, primarily by beefing up the scale of the hospitality offers for MICE event organizers, so as to increase Hong Kong’s competitiveness in bidding for international MICE events.

Overseeing the business development and operation of the Kai Tak Cruise Terminal

11. Since the Kai Tak Cruise Terminal (KTCT) commenced operation in June 2013, the number of cruise berthings has been rising steadily. There were 9 ship calls (totalling 15 berthing days) in 2013 and 28 ships calls (totalling 50 berthing days) in 2014. We expect the number of ship calls will double to 56 in 2015 (totalling 77 berthing days). On the other hand, the passenger throughput (include both arrivals and departures) of the KTCT between 2013 and 2014 has exceeded 170 000.

12. Many international cruise companies are proactive in deploying cruise ships (including new fleets) to the KTCT. The commissioning of the KTCT has also induced larger cruise ships to include Hong Kong in their itineraries. Together with the terminal operator’s effort in promoting the KTCT, we are confident that there will be continuous increase in the number of ship calls and passenger throughput at the KTCT.

13. To attract more cruise ships to the ports in Asia, the HKTB, together with the Tourism Bureau of Taiwan, launched the Asia Cruise Fund (“ACF”) in April 2014. Depending on the length of stay of the cruise ships at the participating ports, financial incentives are provided under the ACF to cruise companies for promotion and publicity or product development, hence encourages cruise companies to include Hong Kong in their itineraries. The HKTB has extended invitations to a number of neighbouring ports. Among them, Hainan and the Philippines confirmed joining the ACF in November 2014.

14. We will continue to closely monitor the development and operations of the KTCT and actively promote cruise tourism, so as to consolidate the status of Hong Kong as the Asia cruise hub.

Competition Policy

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

15. Since the enactment of the Competition Ordinance, we have been working on its phased implementation in collaboration with the Competition Commission (Commission) and the Judiciary.

16. The Commission launched a consultation exercise on a set of draft guidelines published in early October 2014 and briefed this Panel in November 2014. The Commission will refine the draft guidelines taking into consideration the comments gathered from the consultation. 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.

17. The Administration also briefed this Panel in November 2014 on three pieces of proposed subsidiary legislation, namely, the Regulation to apply the key provisions of the Competition Ordinance to six statutory bodies, the Regulation to disapply the key provisions of the Competition Ordinance to bodies which are not statutory bodies, and

the Regulation on the determination of turnover of undertakings. We plan to introduce the subsidiary legislation into the Legislative Council in the first quarter of 2015.

18. We will bring the Competition Ordinance into full operation when all relevant preparatory work 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

Continuing with the full implementation of the amended Trade Descriptions Ordinance to enhance protection for consumers against unfair trade practices.

19. The Trade Descriptions Ordinance (the Ordinance) (as amended by the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012) came into full implementation on 19 July 2013. It has strengthened the protection of consumers by criminalising common unfair trade practices, including false trade descriptions, 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.

20. As the enforcement agencies of the Ordinance, the Customs and Excise Department and the Communications Authority adopt a three-pronged approach -

- (a) compliance promotion – conducting briefings for and proactive visits to different business sectors to explain the legal requirements under the Ordinance and to provide guidance on measures that should be taken for complying with the Ordinance;
- (b) enforcement – actively handling enquiries and complaints,

conducting regular surveillance and spot checks, and taking timely enforcement actions in cases with significant implications on consumers, the trade or the community at large; and

- (c) public education and publicity – coordinating with the Consumer Council in launching extensive publicity and education programmes to raise consumers’ awareness of the prohibited unfair trade practices, promote the concept of “shopping smart”, and promote good practices amongst traders.

21. We will continue to keep in view the effectiveness of the Ordinance in tackling unfair trade practices that may be deployed in consumer transactions.

Commerce, Industry and Tourism Branch
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