

## **Legislative Council Panel on Economic Development**

### **2017 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**

#### ***Tourism performance***

2. Hong Kong's tourism industry was affected by a number of external factors in recent years, including the subpar global economic growth and intensifying regional competition posed by neighbouring tourist destinations as a result of the depreciation of their currencies. These, coupled with the "one trip per week" measure for Shenzhen residents implemented since April 2015, has rendered Hong Kong's tourism industry undergoing a period of consolidation.

3. In 2016, the total visitor arrivals amounted to 56.65 million, registering a decrease of 4.5% as compared with 2015. Non-Mainland visitor arrivals increased by 3.0% over the same period, while Mainland visitor arrivals declined by 6.7%. The figures reflect that the drop in Mainland visitor arrivals was mainly attributable to the decline in the arrivals of Shenzhen residents pursuant to the "one trip per week" policy under the Individual Visit Scheme (IVS) by nearly one-third over 2015, as well as the 5.5% drop in the visitor arrivals under Mainland group tours. On the other hand, Mainland IVS visitor arrivals outside

Shenzhen remained stable when compared to 2015.

4. The abovementioned changes in the composition of the Mainland visitor arrivals were expected. The reasons for such changes are the implementation of the “one trip per week” policy since April 2015 that took into account the receiving capacity of individual districts in Hong Kong and the development direction of attracting more overnight visitors, as well as the impact brought about by past unfortunate incidents involving coerced shopping to group tour arrivals.

5. The HKSAR Government has all along emphasised that our tourism industry should not aim solely at continuous growth in the number of visitors, but should instead pursue balanced, healthy and long-term development towards product diversification and high value-added services. Over the past year, we allocated additional resources and requested the Hong Kong Tourism Board (“HKTB”) to step up promotion efforts by launching the new tourism brand campaign “BEST of all, it’s in Hong Kong”, featuring four tourism videos under the themes of “Gourmet & Nightlife”, “Great Outdoors & Living Culture”, “Trendy Arts & Entertainment” and “Family Fun”, for broadcasting in 50 TV and online channels in various source markets. We have also enhanced the scale of mega events, supported the trade by providing subsidy to promote Meetings, Incentive travels, Conventions and Exhibitions (“MICE”) and “fly-cruise” tourism, and promoted Hong Kong's natural scenery and unique history and culture.

6. These measures have begun to bear fruits. Inbound tourism performance has shown improvement since the second quarter of 2016. The total visitor arrivals to Hong Kong registered a slight increase of 0.4% year-on-year in the fourth quarter of 2016, improved notably from the fall of 10.9% in the first quarter and ended the continuous decline of five quarters since the third quarter of 2015. In recent months, visitor arrivals of non-Shenzhen residents under IVS and group tours both increased, while the decline of arrivals of Shenzhen residents under IVS narrowed. On the other hand, non-Mainland visitor arrivals continued to grow, reflecting the attractiveness of Hong Kong as a tourist destination.

7. This year, heading towards the target of driving more high spending overnight visitors, we will, together with the HKTB, reinforce the policy direction as set out last year by launching the following measures, with a view to sustaining the stable and healthy development of the tourism industry.

*Enriching tourism products*

8. This year, we will implement the following measures to further enrich tourism products:

- (a) We will cultivate home-grown events, including the Hong Kong Wine and Dine Festival, Hong Kong Cyclothon, Hong Kong Dragon Boat Carnival and Tai Hang Fire Dragon Dance, which showcase Hong Kong gourmet food, dynamism and local culture as Asia's celebrated brand events, with a view to enriching Hong Kong's tourism products and nurturing more visitors to come and participate in these events. Moreover, a good number of attractive mega events will be held in Hong Kong again this year, including the FIA Formula E Hong Kong ePrix which was successfully held in Hong Kong for the first time last year, the Hong Kong Sevens, the Hong Kong Tennis Open and the golf tournament Hong Kong Open, etc.. The HKTB will step up its marketing efforts to publicise and promote these events to overseas visitors;
- (b) We will, in collaboration with the HKTB, update the "A Symphony of Lights" (SoL) launched in 2004 by redesigning its lighting effects in amalgamation with creative light shows. We aim to develop the Hong Kong's own brand of light attraction and make night vista of the Victoria Harbour more charming;
- (c) To tie-in with the celebratory activities for the 20th Anniversary of the Establishment of the HKSAR ("20A"), the Government allocated additional resources to the HKTB for rolling out

corresponding celebratory events in 2017, including a large-scale carnival called “Hong Kong Summer Party”. HKTb will also inject the element of celebrating 20A into its other large-scale events, such as the “International Chinese New Year Night Parade” and the “Hong Kong Dragon Boat Carnival”;

- (d) The Tourism Commission has also liaised and coordinated with the relevant tourism trade to roll out special offers from about 20 participating tourist attractions for visitors to Hong Kong to celebrate 20A. The special offers can attract more visitors to Hong Kong and give them an impression that it will be value-for-money for visiting Hong Kong. Individual attractions will also arrange themed programmes or decorations to hype up the celebratory ambience; and
- (e) On the Food Truck Pilot Scheme, the Tourism Commission has been co-ordinating with the government departments concerned in the past few months to proactively assist the selected applicants in preparing and applying for the relevant licenses. The 16 food trucks are expected to commence business in February 2017 successively. They will add fun and vibrancy to our tourist attractions, provide more gourmet food to the tourists and the locals and at the same time showcase good hygiene and food safety standard of Hong Kong. We will also arrange the food trucks to operate in the tourism events organised by the Tourism Commission and the HKTb so as to enhance the joyful atmosphere of the events.

### ***Drawing high value-added visitors***

9. MICE and cruise visitors are mostly high-spending visitors which have all along been one of our target clientele. We will continue the promotion works in these aspects to draw more high value-added visitors:

- (a) On MICE tourism, the Government will allocate recurrent

resources to the HKTB so as to strengthen the partnership with relevant professional associations with a view to attracting more MICE events as well as high-spending MICE visitors to Hong Kong. Moreover, the HKTB will continue to step up the promotion of Hong Kong as the premier MICE destination in the region; and

- (b) As regards cruise tourism, the Government and the HKTB will continue with the existing effective measures that have started to deliver results, including the promotion of “fly-cruise” programme, strategic promotion campaign in collaboration with international cruise lines and promotion of regional collaboration. We will also continue with our discussion with the trade to induce more visitor segments for taking cruises and cruise ships to come to Hong Kong.

### *Plans for tourist attractions*

10. On tourism hardware, we are striving to enhance the quality of tourism infrastructure and increase their competitiveness in various aspects.

11. In the coming one to two years, various new cultural and heritage tourist attractions will be completed. We are now updating and enriching the Dr Sun Yat-sen Historical Trail, including re-designing the memorial plaques and updating the contents along the Trail. The revitalisation works are expected for completion in end 2017. The Historical Trail, in tune with other surrounding attractions including the PMQ and Tai Kwun (the former Central Police Station Compound) which is due for opening later on, will transform the Central and Western District into a community filled with “art-across-time” ambience.

12. In the medium to long term, the West Kowloon Cultural District (WKCD) will be the focal point in cultural tourism of Hong Kong. Various facilities in WKCD will commence operation by phases starting from 2018. The Government has also planned to revitalise the historic building of Hung Shing Yi Hok in situ into the Tai Hang Fire Dragon

Heritage Centre, which is expected to commence operation in 2019.

13. The two theme parks have been continuously enriching its attractions and entertainment offerings in order to enhance its attractiveness and competitiveness. The Ocean Park is pressing ahead the development of an all-weather waterpark and two hotels, which are scheduled for completion from 2018 to 2020. As regards the waterpark project, following the Legislative Council (LegCo) Finance Committee's approval to provide a Government loan to the Ocean Park for taking forward the waterpark project in 2013, we submitted an information note to the LegCo Panel on Economic Development in November 2015 to report the enhanced design of the waterpark and the progress of works. In view of the current progress, the Ocean Park anticipates that the construction completion date of the project will be in the first half of 2019, while the availability period of the Government loan will be extended from February 2017 to September 2018. Separately, a new resort-style hotel of the Hong Kong Disneyland with a theme dedicated to the spirit of exploration will open in the first half of 2017.

14. In addition, in the vicinity of the Kai Tak Cruise Terminal, we plan to develop the Kai Tak Tourism Node project located at the former Kai Tak Runway tip into a world-class tourist and leisure attraction to draw local and worldwide visitations. We plan to invite interested operators to submit bid for the development this year and anticipate that the project will be completed after 2021.

15. The Government is undertaking the planning studies in respect of the Lantau development, including the study on developing the North Lantau for leisure and tourism uses.

## **Competition Policy**

### ***Continuing with the full implementation of the Competition Ordinance***

16. The Competition Ordinance (CO) fully commenced on 14 December 2015, providing a legal framework for tackling anti-competitive conduct in all sectors. Established under the CO, the Competition Commission has been carrying out its statutory functions including investigation and enforcement, promoting public understanding of the CO and compliance by businesses, conducting market studies and providing advice. It is noted that public awareness of the CO has increased and that a compliance culture in the business sector is taking shape. We will continue to keep in view the implementation and effectiveness of the CO in tackling anti-competitive conduct.

Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau  
January 2017