

Legislative Council Panel on Economic Development

2018 Policy Address

Policy Initiatives of

**Commerce, Industry and Tourism Branch,
Commerce and Economic Development Bureau**

Our Vision

In the past year, Hong Kong sustained strong economic growth. In the first half of this year, our economy grew by 4.0% over a year earlier. The labour market remains favourable, with the latest unemployment rate maintained at 2.8%, the lowest level in more than 20 years. Favourable job and income conditions support consumer sentiment, and domestic demand expands visibly. However, we must closely monitor and stay vigilant against the possible negative impact of the recent trade dispute between the Mainland and the United States (US) on the economic growth momentum.

2. Regarding the global economy, while external demand in the first half of the year remained strong, the escalating trade dispute between the Mainland and the US has markedly increased external uncertainties. The trade dispute between the Mainland and the US will inevitably bring about direct and indirect negative impacts on Hong Kong. The Government must continue to adopt a multipronged strategy to assist the trade in diversifying business activities and

capitalising on the opportunities offered by the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) Development and the Belt and Road Initiative (B&RI).

3. The multipronged strategy leverages our advantages under “One Country, Two Systems” and our unique status on external, economic and trade relations conferred on Hong Kong by the Basic Law, thereby further strengthening Hong Kong’s economic and trade position. We will continue to establish stronger bilateral ties with like-minded trading partners and deepen Hong Kong’s economic integration with different parts of the world through negotiating and forging Free Trade Agreements (FTAs) and investment agreements. We will expand our overseas Economic and Trade Office (ETO) coverage to new partners and markets with close economic and trade relations with Hong Kong and with development potential, so as to tap business opportunities and boost foreign direct investment into Hong Kong. We will continue to organise business missions with the Hong Kong Trade Development Council (TDC) for the trade to explore business opportunities in B&R markets. We will enhance promotion, exchange and capacity building for our professional services through funding support under the Professional Services Advancement Support Scheme to help them seize the opportunities of international markets and better meet the challenges arising from the rise of trade protectionism.

4. Hong Kong will continue to capitalise on our advantages under “One Country, Two Systems”, and, together with our ideal geographical location, free and open market, highly efficient and transparent regulatory regimes, reputable legal system, as well as a business environment highly compatible with international standards, to seize the opportunities and tackle the challenges arising from the economic development of the world and our Motherland, with a view to achieving more significant economic growth.

5. Looking ahead, we need to strengthen external promotion on the unique advantages of Hong Kong, develop markets and establish partnership. We will also leverage the B&RI and Greater Bay Area Development as the impetus to Hong Kong’s future economic development.

Tourism

Tourism Performance

6. Thanks to the close collaboration amongst the Government, the Hong Kong Tourism Board (“HKTB”) and the travel trade to proactively develop visitor source markets and diversified tourism products, our inbound tourism has so far this year continued to grow. Total visitor arrivals and the relatively higher-spending overnight visitors recorded healthy growth momentum in the first eight months of 2018.

Development Blueprint for Hong Kong's Tourism Industry

7. Over the past few years, the Government has been spearheading tourism development through diversifying offerings and attracting high value-added overnight visitors. The current-term Government further promulgated in October last year the Development Blueprint for Hong Kong's Tourism Industry ("Development Blueprint"), pointing out that Hong Kong's tourism industry should pursue a balanced, healthy and sustainable development, as well as articulating a clear vision, mission and four development strategies on this. The Government, in collaboration with HKTb, the travel trade and other stakeholders, will continue to implement the Development Blueprint full steam ahead and progressively take forward various tourism initiatives and measures, with a view to developing Hong Kong into a world-class premier tourism destination.

Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors

8. Expanding visitor source markets is essential for tourism development. In this connection, we will continue to support the marketing and promotion work of HKTb in various source markets. In 2018-19, we have allocated a promotion budget of about \$600 million to HKTb with the aim of promoting Hong Kong's diversified tourism features, with an emphasis on attracting high-spending overnight tourists from different source markets. We will also

continue to support HKTB to deepen cooperation with the tourism authorities of the Greater Bay Area in promoting multi-destination itineraries and tourism products.

9. To assist the trade in seizing opportunities arising from the B&RI and the development of the Greater Bay Area, other than progressively taking forward the “Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong” signed in August 2017 with the Ministry of Culture and Tourism (including promoting tourism development within the Greater Bay Area, strengthening the regulation of the tourism markets of the Mainland and Hong Kong, etc.), we, in collaboration with HKTB and the Travel Industry Council of Hong Kong (“TIC”), will organise the Hong Kong International Tourism Convention (“Convention”) on 12 December this year. Representatives of the tourism departments and travel trades of the Mainland provinces and municipalities, as well as the B&R countries and regions, will be invited. The Convention will not only deepen exchanges amongst the tourism departments, but also facilitate business matchmaking amongst the travel trades, such that multi-destination tourism products can be jointly rolled out. In addition, to encourage the travel trade of Hong Kong to strengthen co-operation with their counterparts in the Greater Bay Area, the Government has funded TIC to arrange travel agents to visit the Greater Bay Area cities to explore business opportunities with the trades thereof.

10. To leverage the opportunities brought by the commissioning of large-scale cross-boundary transport infrastructures such as the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) and the Hong Kong-Zhuhai-Macao Bridge (“HZMB”), we will continue to step up efforts on various fronts including promotion work, develop more diversified travel products, etc. With the Government’s funding support, HKTb has been promoting in the Mainland and overseas these two important infrastructures and the tourism characteristics of neighbouring areas. Also, HKTb has collaborated with the travel trade to offer combined cruise-and-XRL travel products, and the two theme parks in Hong Kong have introduced various promotional offers and travel packages that combine with XRL and HZMB.

Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics, including cultural tourism, heritage tourism, green tourism and creative tourism; and to consolidate and enhance Hong Kong’s status as a travel destination for MICE tourism, regional cruise hub, and Events Capital of Asia

11. We have been making efforts in district tourism promotion in recent years to drive visitors to explore Hong Kong’s local living culture and districts’ characteristics. Following the launch of the “Old Town Central” campaign, HKTb rolled out the “Hong Kong Neighbourhoods – Sham Shui Po” campaign in September 2018, which repackages Sham Shui Po with the theme of “Every Bit Local” and encourages visitors to explore the district in-depth. Moreover, to raise

the appeal of Sham Shui Po and Wan Chai as tourism spots, we will, through collaboration with the Hong Kong Design Centre and the Hong Kong Comics & Animation Federation, launch the “Design District Hong Kong” project which comprises public art place-making works, creative tourism events, local comic characters with Hong Kong’s originality, multimedia and creative technology, etc. As for the Central and Western District, we have completed the revitalisation works of Dr Sun Yat-sen Historical Trail in the first half of 2018. The revitalised trail, together with the newly opened “Tai Kwun” (Central Police Station Compound), PMQ and neighbouring attractions, have transformed the Central and Western District into a new hub of heritage, cultural and creative tourism. In addition, we will partner with a local creative media school to make use of augmented reality and creative multimedia technology through mobile application to bring back the historical landscape of attractions in the areas including Tsim Sha Tsui and Central. Furthermore, we will organise a new arts cum cultural, heritage and green tourism event at Yim Tin Tsai, Sai Kung for visitors to experience unique Hakka culture and natural sceneries.

12. To further leverage Hong Kong’s rich green tourism resources, the Government is actively enhancing the tourism supporting facilities of main hiking trails and piers, including enhancement of the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. At the same time, we will strive to improve the transport connectivity of green attractions so that visitors can access Hong Kong’s nature with ease. The new “Kaito” service between Ma Liu Shui and Kat O/Ap Chau, for example,

has commenced operation since September this year.

13. The two theme parks have also been enhancing their attractiveness and competitiveness. Hong Kong Disneyland Resort is actively taking forward its expansion and development plan, with the first new attraction under the plan, “Moana: A Homecoming Celebration” stage show, launched in May 2018 and other new items to be rolled out progressively from next year to 2023. On the other hand, Ocean Park is developing an all-weather waterpark and two new hotels. One of the new hotels is scheduled to begin operation within this year while the waterpark and the other new hotel are expected to be completed between next year and 2021 progressively. We will continue to support Ocean Park in reviewing its strategic positioning and future development plan, with a view to bringing more comprehensive entertainment experience to guests.

14. Moreover, in early October 2018, the Government granted to the Peak Tramways Company Limited (“PTC”) the second ten-year operating right of the peak tramway until 2035. PTC will soon implement an upgrading plan at an estimated cost of over \$650 million to substantially increase the tramcar capacity, improve the existing facilities including enlarging and enhancing queuing and waiting area, and provide better service, which aim at enhancing the attractiveness of the peak tramway as an important tourism and recreational facility.

15. We will also continue to consolidate and enhance Hong Kong’s status as a travel destination for MICE tourism and a regional cruise

hub, and strive to attract different types of and new mega events to Hong Kong, with a view to enhancing Hong Kong's international image, as well as bringing more high-spending MICE visitors and cruise passengers to Hong Kong and lengthening their stay in town. Following the record high figure last year, overnight MICE visitors rose further to around 1.1 million in the first eight months of 2018. In the same period, cruise passenger throughput has increased by about 7.0% year-on-year to 610 000.

Strategy 3: To develop smart tourism

16. Given Hong Kong's status as an international tourism destination, we will make use of smart technology to provide better tourist services, and encourage the industry to make good use of innovative technologies to enhance their competitiveness. For instance, we have launched the first official tourism landing page ("Visit Hong Kong") in September 2018, to facilitate visitors arriving at the Airport and the Hong Kong West Kowloon Station of XRL in their itinerary planning and travelling in the city via mobile devices. This landing page will also be extended to the Hong Kong Boundary Crossing Facilities of HZMB and other control points progressively. Besides, the Tourism Commission has worked with relevant departments to enhance free Wi-Fi services at popular tourist spots at Tsim Sha Tsui (including Hong Kong Cultural Centre, Tsim Sha Tsui Promenade, UC Centenary Garden, Hong Kong Space Museum, Hong Kong Science Museum, etc.), and will continue to explore improvement/enhancement of free Wi-Fi services at various tourist

spots to facilitate visitors.

Strategy 4: To upgrade the service quality of the tourism industry and encourage the trade to adopt good trade practices

17. The travel trade is at the forefront of receiving visitors to Hong Kong. We will continue to enhance its service quality and professionalism and strengthen its regulation. Of our various work, the Government will strive for the Legislative Council (“LegCo”)’s passage of the Travel Industry Bill in end-2018 so that the Travel Industry Authority can be set up in 2019. The Government will seek LegCo’s approval in accordance with the established procedures to provide the Authority with a funding of \$350 million, so as to press ahead with preparations for establishing the new regulatory regime.

Air Mail Centre

18. To capitalise on the enormous opportunities generated by the booming growth of cross-boundary e-commerce, Hongkong Post is planning to embark upon an in-situ expansion and redevelopment of the Air Mail Centre at the Hong Kong International Airport to enhance its processing capacity and operating efficiency.

Consumer Protection

19. We strive to protect the interests of consumers and boost their confidence in consumption. In recent years, there have been many complaints that consumers felt aggrieved at being pressurised or forced into making purchases unwillingly by salespersons of certain trades who deploy aggressive sales tactics. We are studying the feasibility, scope, implementation details, redress mechanism, exemptions, etc., of proposed legislation requiring traders to provide a cooling-off period in certain service contracts that involve large contract sum. Our target is to put forward a proposal for public consultation at the end of this year or early next year, and to introduce the relevant bill within the current term of LegCo.

Aviation Meteorological Services

20. The Hong Kong Observatory is committed to providing quality meteorological services, including aviation meteorological services. In this regard, the Hong Kong Observatory will collaborate with airlines to promote the use and continuous improvement of “MyFlightWx”, a mobile application developed in-house, which provides electronically latest inflight weather information to flight crew, replacing traditional paper-based meteorological flight documentation.

21. The Policy Address sets out in detail many other proposals on promoting economic development, encouraging innovation and design, attracting investments, and developing tourism. The Government will also brief other Panels of LegCo on proposals of relevance to them. We will not repeat such proposals here.

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