

Legislative Council Panel on Economic Development

2019 Policy Address

Policy Initiatives of

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

Our Vision

In the past year, Hong Kong economy faced external and domestic challenges. On external economic factors, the escalating trade conflict between the Mainland and the United States (US) has dampened global economic growth momentum and brought direct and indirect negative impacts on Hong Kong economy. The total export of Hong Kong has been decreasing since last November, with a year-on-year decrease of 4.3% in the first eight months of this year. The average economic growth of Hong Kong in the first half of this year was 0.5%, the worst performance since the 2009 recession. Until the trade conflict between the Mainland and the US subsides, our economy, especially the part which is driven by foreign investment, will continue to face negative pressure and the downturn risk on the overall economy will persist.

2. On domestic challenges, the persisting protests and social unrest have caused serious impact on domestic economic activities. Apart from the tourism and related sectors, local consumption has also

been hit hard due to disruption to law and order, and business operation and the labour market have been facing pressure for a few months. If conflict persists, our economic performance will inevitably be further damaged.

3. The Government has announced various measures in the past two months to assist businesses in reducing operating costs, financing, developing markets, etc. The Financial Secretary and the relevant policy bureau directors introduced two rounds of measures to support enterprises and preserve employment on 15 August and 4 September respectively. In the past few months, the Secretary for Commerce and Economic Development also contacted different sectors to listen to their suggestions on measures to support enterprises and to revitalise the economy, and, together with the relevant departments, further responded and introduced measures at appropriate time to help the business sector sail through the storm. We will continue to monitor the economic situation closely, and will introduce new measures when necessary. We will brief the Legislative Council at appropriate time, especially on measures requiring additional resources for which we will seek funding approval from the Council.

4. The ensuing paragraphs brief the progress of the relevant policy initiatives in the Policy Address 2019. The Government will continue to capitalise on our advantages under “one country, two systems”, 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, as well as to assist the trade in diversifying business activities, developing markets and establishing partnership.

Tourism

Tourism performance

5. The tourism industry is one of Hong Kong's pillar industries, accounting for close to five per cent of our Gross Domestic Product and employing nearly 260 000 people. Although the growth momentum of visitor arrivals to Hong Kong last year had extended into the first half of this year, the performance of the tourism industry rapidly declined in recent months as a result of escalating US-China trade conflict and recent social events, etc. Overall visitor arrivals to Hong Kong had increased by 14.9% year-on-year in the first five months of 2019, yet the growth decelerated to 8.5% in June. The trend even reversed in July with a year-on-year decline of 4.8%, followed by a widening drop of 30% - 40% in August and September. In the first ten days of October, the drop was more than 45%.

Relieving the pressure currently faced by the trade

6. To help the tourism trade tackle the current challenges, the Government has been closely liaising with the Travel Industry Council of Hong Kong (TIC), the Hong Kong Tourism Board (HKTB), the trade,

etc. in rolling out different support measures, including the Government's waiver of the licence fees of travel agents and hotels, etc., reduction of food trucks' rentals at Government venues by half; TIC's waivers of travel agents' annual membership fees and registration fees for Mainland inbound tour groups, and subsidies for tourist guides for completing the Continuing Professional Development Scheme; HKTB's waivers of the trade's participation fees for joining travel trade shows and travel missions organised in the Mainland and overseas, membership renewal fees under the Quality Tourism Services Scheme, etc.

7. The above measures seek to relieve the pressure faced by small and medium-sized enterprises and workers in the tourism sector as far as possible. Most pressingly, we have to restore the stability of the community so as to restore visitors' confidence on Hong Kong and reinvigorate the growth momentum of the tourism industry.

To lay the foundation for the recovery of the tourism industry

8. Meanwhile, the Government is laying the foundation for the recovery of the tourism industry. The Government will, in accordance with the development strategies in the Development Blueprint for Hong Kong's Tourism Industry promulgated in 2017, continue to foster the stable and healthy development of the tourism industry along the direction of diversification and attracting high value-added overnight visitors. The high-level tourism co-ordinating meetings convened by the Financial Secretary will continue to enhance the co-operation and

co-ordination of bureaux and departments in taking forward various tourism-related measures.

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

9. The Government fully supports the HKTB in its preparation for rolling out large-scale promotion campaign. The latter includes, at opportune junctures, conducting promotion with the tourism trade in different visitor source markets, as well as promoting Hong Kong's diversified tourism offerings and enriching visitors' understanding of Hong Kong's latest development through various channels including marketing promotion, digital media, public relations initiatives, etc., so as to restore visitors' confidence in visiting Hong Kong and attract visitors with different interests and from different segments. Furthermore, the Secretary for Commerce and Economic Development will continue to closely liaise with consuls and foreign chambers of commerce explaining to them the latest situation of Hong Kong, stressing that Hong Kong remains a welcoming and safe city where the Government, the business sector and the general public welcome visitors from around the world.

10. Meanwhile, the Government will maintain dialogue with the national Ministry of Culture and Tourism to drive the healthy and orderly development of the tourism markets in Hong Kong and the Mainland. We shall also work closely with Macao and Mainland

cities in the Greater Bay Area to take forward work in various areas, namely to step up joint publicity and promotion, and support the trade in developing more multi-destination products.

Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics; 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. The Government will continue to develop green tourism by leveraging Hong Kong's rich green resources. Since last year, the Government has been progressively enhancing the tourism supporting facilities of various hiking trails within country parks that are popular and with tourism potential. The improvement works of the first phase, covering MacLehose Trail Section 1, Peak Trail, and Wu Kau Tang to Lai Chi Wo, are almost completed; those of the second phase, covering Dragon's Back, Shing Mun Reservoir Walk, and Lantau Trail Section 2, have commenced for progressive completion by the end of next year. In addition, the Government has been striving to improve the public transport services to green tourism attractions. For example, since February 2019, the green minibus route between Pak Tam Chung and High Island Reservoir East Dam in Sai Kung has extended its services and increased its frequency; and since March 2019, a new franchised bus route from Wong Shek Pier to Shatin has come into operation.

12. In the years ahead, the Government will enhance the facilities of Ngong Ping Nature Centre on Lantau to tie in with the improvement programme of the hiking trails nearby and provide visitors with more hiking-related information and services; and enhance the facilities of Wong Nai Chung Gap Trail, including updating its information board and signage, as well as setting up a dedicated website, to enhance the trail's appeal as a heritage and green tourism attraction. In the medium to long run, the Government is commissioning a consultancy to improve the facilities of the Hong Kong Wetland Park so as to enhance its appeal as a green tourism attraction; and will study the feasibility of developing Pak Tam Chung as a green tourism hub and a gateway to the Sai Kung Country Parks and the Hong Kong UNESCO Global Geopark.

13. As regards theme parks, Hong Kong Disneyland Resort and Ocean Park will continue to increase income and reduce cost, roll out products tailored for the local market, and launch promotion in other visitor source markets at opportune junctures. At the same time, the two theme parks will continue to launch new offerings. Hong Kong Disneyland Resort is actively taking forward its expansion and development plan, including the "Ant Man and The Wasp: Nano Battle!" ride introduced in March 2019, the transformed castle with entirely new daytime and night time shows next year, etc. Ocean Park will roll out a night time multi-media light show, and is establishing a technology-driven and highly interactive STEAM ("Science, Technology, Engineering, Arts and Mathematics") Hub expected to be open next year. An all-weather waterpark and a new hotel are

expected to be completed progressively by 2021.

14. The Government will continue to plan initiatives integrating different tourism genres to enrich visitors' experience. From late November to late December this year, the Government plans to launch, on a pilot basis, a new arts-cum-cultural, heritage and green tourism event at Yim Tin Tsai of Sai Kung for visitors to experience the unique Hakka culture and natural sceneries. Furthermore, the Government, in collaboration with the Hong Kong Design Centre and the Hong Kong Comics & Animation Federation, will continue to take forward the "Design District Hong Kong" project to enhance the appeal of Sham Shui Po and Wan Chai as tourism spots through various public art place-making works and creative tourism events.

15. In view of the expiry of the existing tenancy of the Kai Tak Cruise Terminal in mid-2023, the Government is making arrangements for a new tenancy with a view to improving the existing arrangements in various aspects, including passenger services, terminal operations, leasing mechanism, performance monitoring, etc., such that the terminal facilities and its ancillary commercial area, as well as the service standard of the terminal operator, can be further enhanced.

Strategy 3: To develop smart tourism

16. The Government will continue to increase and promote free Wi-Fi services at tourist spots, with high-speed Internet access points (average Internet speed reaching 100Mbps) launched at popular ones

including Golden Bauhinia Square, The Peak, the Passenger Clearance Building of the Hong Kong-Zhuhai-Macao Bridge, the Kowloon Visitor Centre at Tsim Sha Tsui Pier, Temple Street, Tai Kwun, Repulse Bay Beach, Stanley Promenade, etc. The Government will also extend the official landing page for visitors, “Visit Hong Kong”, launched last September to other boundary control points to provide visitors with one-stop useful information about travelling in Hong Kong and assist them in itinerary planning.

17. In the medium to long run, the Government is commissioning a consultancy study to develop strategies and initiatives to promote smart tourism in Hong Kong, in order to better grasp visitors’ travel habits and enhance their travel experience through the use of technology.

Strategy 4: To upgrade the service quality of the tourism industry

18. The Government will continue to balance the impact of the tourism industry on economic development and people’s livelihood, and maintain close liaison with the Mainland authorities on the arrangements for Mainland visitors to visit Hong Kong. The Government will also continue with inter-departmental collaboration to reduce visitors’ impact on the community.

19. As regards the new regulatory regime, following the passage of the Travel Industry Bill by the Legislative Council last November, the Government has been pressing ahead with preparation to establish

the statutory body, the Travel Industry Authority (TIA). The commencement notice of the Travel Industry Ordinance (Cap. 634) about the provisions for establishing TIA was tabled at Legislative Council in October this year for vetting, with a view to bringing the provisions into operation in December. The Government will then appoint members of TIA, which is expected to convene its first meeting early next year to take forward preparatory work full steam ahead for setting up the new regulatory regime.

Consumer Protection

20. Besides, regarding consumer protection, the Government strive to protect the interests of consumers and boost their confidence in consumption. In view of the seriousness of complaints involving aggressive commercial practices related to beauty and fitness services in recent years, and having considered the views from various sectors of the community, we launched a three-month public consultation on the proposal to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts early this year. We are studying and consolidating the numerous submissions received from the public during the consultation period. Our target is to publish the public consultation report and to introduce the relevant bill into the Legislative Council in early 2020.

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

Commerce, Industry and Tourism Branch

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