

Legislative Council Panel on Economic Development

2020 Policy Address

Policy Initiatives of

Commerce, Industry and Tourism Branch,

Commerce and Economic Development Bureau

Our Vision

In the past one and a half years, Hong Kong has experienced social unrest incidents and the COVID-19 pandemic. Together with the uncertainties arising from geopolitical tensions, the economy has been hard-hit and business environment has been very difficult for enterprises. With the pandemic still rampant worldwide, and Hong Kong facing a severe fourth wave outbreak, the first and foremost task for the Government is to continue combatting the pandemic and gradually resuming economic activities while keeping the health risks in check.

2. As the Chief Executive clearly pointed out in the Policy Address 2020, to ride out the storm in the trade and economic arena, the inevitable strategy is to leverage Hong Kong's unique advantages under "One Country, Two Systems" to integrate further with the overall national development and to enhance our connections with the world in order to explore more business opportunities. Against the backdrop of promoting free trade and maintaining market economy, we will expand

our reach to more markets together with our businesses, and to assist professional services providers to go beyond Hong Kong.

3. In the course of relaunching the economy, there are three overall strategic directions: the first is to capitalise on the country's external strategy of "dual circulation", the second is to explore markets where Hong Kong's fundamental strengths can be fully utilised, and the third is to assist the most hard-hit enterprises to sail through the storm, helping them with their most pressing needs, facilitating their transformation, and encouraging them to invest in the future. The ensuing paragraphs brief Members on the progress of the policy initiatives related to the Economic Development Panel in the Policy Address 2020.

Tourism

Tourism performance

4. Tourism is a pillar industry of Hong Kong. Based on initial preliminary estimation, tourism industry in 2019 accounted for about 4% of our Gross Domestic Product. In 2020, the COVID-19 pandemic has taken a heavy toll on the tourism industry. In order to contain the outbreak, the Government has implemented strict border control measures. As a result, overall visitor arrivals plunged substantially by 93.2% year-on-year to 3.6 million in the first eleven months of 2020. In particular, arrivals registered year-on-year drop by more than 99% during April to November. During this period, there were only about

300 arrivals coming to Hong Kong per day on average, significantly lower than the per day average of 153 200 in 2019. The hotel and retail sectors were also severely affected. In the first ten months of 2020, the average hotel room occupancy rate plunged by 38 percentage points year-on-year to 44%. During the same period, the value of total retail sales also fell by 27% year-on-year.

Helping the trade tide over

5. In view of the proliferation of COVID-19 around the world, both inbound and outbound travel markets have been ground to a halt. The tourism industry has been one of the hardest hit sectors under the epidemic and will continue to face grave and prolonged challenges for quite some time in the future. In this regard, the Chief Executive announced that the Government will roll out additional relief measures for the industry with a total commitment close to \$600 million benefitting travel agents and their staff, freelance accredited tourist guides and tour escorts whose main occupations are tour guides and tour escorts, and drivers of tour service coaches mainly serving tourists. Coupled with the financial support provided to the tourism industry earlier on in the first three rounds of Anti-epidemic Fund, as well as the other helping measures including the Travel Agents Incentive Scheme and the Green Lifestyle Local Tour Incentive Scheme rolled out earlier, the cumulative commitment of the Government support to the tourism industry amounts to some \$2.6 billion in total.

6. The Government has also been making every effort to explore and identify business opportunities for the tourism industry while keeping risks at bay, such as the earlier conditional exemption for licensed travel agents to organise local group tours of not more than 30 persons (inclusive of working staff) under the group gathering restrictions as stipulated in the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G), which extended support to the tourism industry and practitioners of the related sectors (e.g. tourist guides and tour escorts, the transport trade and even the catering sector). Nonetheless, in view of the recent development of the epidemic, the Government has to further tighten various social distancing measures and also remove the above exemption. The Government could consider relaunching local group tour activities when the epidemic improves locally and the social distancing measures are relaxed.

Supporting recovery

7. We would closely monitor the development of the epidemic and would support the recovery of the tourism industry at an opportune time. Taking into account the latest development of the epidemic, the Hong Kong Tourism Board (HKTB) would continue to promote the “Holiday at Home” platform to maintain local ambience and boost consumption as well as conveying a positive message to the world and increasing visitor’s confidence to come to Hong Kong again.

8. Meanwhile, HKTB will leverage on staging events, such as the Hong Kong Wine & Dine Festival (already launched online in November) to relaunch tourism and drive economic recovery. Apart from providing enjoyment for the locals, HKTB will also step up promotions of these events to maintain exposure of Hong Kong in source markets. Besides, HKTB is working diligently on the “Open House Hong Kong” platform. Upon gradual resumption of cross-border travel, HKTB will roll out various offers to attract visitors to Hong Kong.

9. Apart from HKTB, for locals to rediscover Hong Kong and preparing for recovery, Tourism Commission will be gradually rolling out tourism projects, including the first augmented reality project “City in Time” featuring then and now landscapes on both sides of Victoria Harbour, etc.

Resuming cross-border travel

10. The Government is endeavouring to resume cross-border travel in a gradual and orderly manner. We have established an inter-departmental task force led by the Secretary for Commerce and Economic Development to actively explore with countries that have a relatively stable epidemic situation and close economic and trade relations with Hong Kong. To explore the initiative, the Government has approached 11 countries since mid-June. Among them, Hong Kong and Singapore have reached an in-principle agreement on 14 October to establish a bilateral Air Travel Bubble (ATB) and

announced details of the arrangement on 11 November. The launch of the designated flights was originally scheduled for 22 November. Yet, in view of the recent epidemic situation in Hong Kong, the two governments have decided not to implement ATB within 2020. We would review the latest situation in late December and further announce future arrangements. After the local epidemic situation is under control, we look forward to relaunching ATB with Singapore as soon as possible and continuing with the discussion with other overseas economies on resuming cross-border travel in an orderly manner through similar arrangements. At the same time, we have been liaising closely with the governments of Guangdong and Macao to explore the resumption of cross-boundary activities among residents of the three places in a gradual and orderly manner, through the mutual recognition of COVID-19 test results under the health codes, when the epidemic situations in Guangdong, Hong Kong, and Macao are under control.

Future positioning

11. In the long run, the epidemic has altered and brought new normal to the world economy and tourism landscape. Once the epidemic has eased, we will tap into more local cultural and green tourism resources to revive our tourism industry with a view to expanding both the Mainland and overseas visitor source markets, as well as offering leisure and travel experience with rich historical and cultural elements to locals and visitors. HKTB is now examining Hong Kong's tourism positioning to rise to future challenges.

12. Meanwhile, the Government is also working on the rethink on the future of Ocean Park. We are proactively formulating the proposal for the rebirth of Ocean Park, focusing on leveraging the advantages of the Park in education and conservation, capitalising on its natural scenery and waterfront location, and providing diverse entertainment, leisure and tourism experience, so as to transform Ocean Park into a resort and leisure destination. In order to revitalise the Jumbo Floating Restaurant, which is a heritage landmark in Hong Kong, the Government will facilitate the collaboration between Ocean Park and non-government organisations for the rebirth of the floating restaurant in the Aberdeen Typhoon Shelter on a non-profit-making basis, so that it will become a distinctive cultural heritage and tourist attraction in the Southern District.

Provision of Basic Weather Information for Ethnic Minorities

13. The Hong Kong Observatory plans to launch a new webpage by the second quarter of 2021 for providing basic weather information (including latest weather report, weather warning, 9-day weather forecast, tropical cyclone track as well as radar, satellite and lightning images, etc.) in eight ethnic minority languages¹, so as to further facilitate ethnic minorities' understanding of local weather conditions.

14. The Policy Address sets out in detail many other proposals on developing new markets, supporting small and medium enterprises, seizing a better hold of the business opportunities brought about by the

¹ The eight languages are Hindi, Bahasa Indonesia, Nepali, Urdu, Tagalog, Thai, Punjabi and Vietnamese.

development of our country, as well as encouraging innovation and design, and attracting investments, etc. The Commerce and Economic Development Bureau will also brief other Panels of Legislative Council (including the Commerce and Industry Panel, and the Information Technology and Broadcasting Panel) on proposals of relevance to them. We will not repeat such proposals here.

Commerce, Industry and Tourism Branch

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